FINANCIAL TIMES

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WORLD NEWS

Archer wins £500,000 in libel suit

Author and former Tory Party deputy chairman Jeffrey Archer yesterday won £500,000 damages against the Star newspaper.

A high court jury decided after a 14-day trial that he had been libelled by the Star's claim that he had had sex with prostitute Monica Coughlan and then tried to pay her £2,000 to avoid a scandal.

The award, believed to be the *biggest in a British libel action*, was made against the newspaper and editor Lloyd Turner. Profile, Page 4

Spycatcher verdict

The Appeal Court modified an injunction preventing newspapesr printing allegations from former MI5 officer Peter Wright's book Spycatcher. Back Page

Nationwide exams plan

Children in English and Welsh state schools will take national tests of educational attainment under government proposals. Back Page

Hijacker captured

A Lebanese who hijacked an Air Afrique Rome-Paris flight, forcing it to land in Geneva, was overpowered by the crew after killing a French passenger. Page 2

Tamil leader in India

Tamil militant leader Velupillai Prabhakaran flew from his Jaffna hideout to New Delhi for talks with Indian Premier Rajiv Gandhi on Sri Lankan peace proposals. Page 2

Rome government delay

The formation of an Italian government under outgoing Treasury Minister Giovanni Goria has been put off until next week. Page 2

Marchers in Manila

Manila riot police halted 2,000 left-wing demonstrators marching on President Aquino's palace in protest at land-reform measures. Page 2

'Free Egypt' call

Libyan leader Col Muammar Gadaffi was quoted as saying Arabs must fight to liberate Egypt from US and Israeli domination.

Judge chosen for FBI

President eRagan chose Texas judge William Sessions as director of the Federal Bureau of Investigation.

'Pilot to stand trial'

Pilot Mathias Rust is to stand trial i na Soviet court for landing an aircraft near Red Square, the West German embassy in Moscow said.

Delhi curfew imposed

Police imposed a daylight curfew on Delhi's walled city after eight Moslems were killed in clashes in nearby Uttar Pradesh state.

Greek heatwave

More than 100 people have died in a heatwave in Greece, with temperatures over 107F for five days. Weather, Back Page

Rugby player jailed

Rugby fullback Andrew Wilson was jailed for six months in Swansea for kicking an opponent in the face during a match.

Pakistan score 439

England were 18 for none in reply to Pakistan's 439 (Mudassar 124, Saleem Yousuf 91 no; Dilley 5/92) after two days of the fourth test at Edgbaston. Weekend FT, Page XVIII

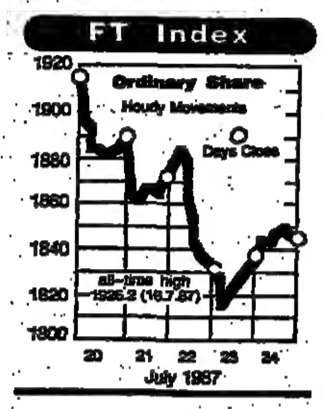
BUSINESS SUMMARY

£148m loss at British Shipbuilders

BRITISH SHIPBUILDERS' trading loss rose £11m to £148m in 1986-87, reflecting continuing overcapacity in the world shipbuilding market.

The figure increased to £223m after provisions and extraordinary losses, and took the State-owned corporation's accumulated debts to £1.3bn since merchant shipbuilding was nationalised 10 years ago. Back Page

EQUITIES closed higher in London, encouraged by firmness overnight in Tokyo and New York. The FT Ordinary Index gained 8.9 to close at



1,845, but ended the week down 71.9. The FT-SE Index rose 6.7 to 2,346.9, a loss of 81.8 on the week. Stock market, Page 12

TOKYO shares prices registered their biggest one-day gain in moderate trading, with the Nikkei Index rising 906.42 points to 23,942.94. Stock markets, Page 11

US economy expanded at an annual rate of 2.6 per cent in the second quarter, against 4.4 per cent in the first, with the annual inflation rate reaching 3.8 per cent against 4.2 per cent. Page 2

CONSERVATIVE backbenchers joined Labour MPs in urging the Government to refer to the Monopolies and Mergers Commission *the proposed merger of* British Airways and British Caledonian. Page 3

ESSO is to build a £100m extension to its Fawley refinery near Southampton, providing up to 1,000 jobs. Page 3

EXXON, world's largest integrated oil company, increased second quarter net profits 3 per cent to $1.15bn (£717m), with higher oil prices boosting exploration and production earnings but hitting marketing and refining profits. Page 10

JOHN FAIRFAX, Sydney-based media group, sold its three-station Channel Seven television network for A$780m (£345m) to Universal Telecasters of Brisbane, headed by Christopher Skase. Page 10

GAMBRO, Swedish kidney dialysis equipment maker, is to pay about SKr 1.2bn (£116m) *for the Hospal Group, jointly* owned by Sandoz and Rhone-Poulenc. Page 10

CITY of Westminster Financial and an associated company are to take board control of Sumrie *Clothes* after acquiring 28.6 per cent of the struggling Leeds textile company's shares for £536,000. Page 8

DEBENHAM Tewson and Chinnocks, UK commercial chartered surveyor, had its offer for sale nearly 16 times oversubscribed. Page 8

CAPITAL & COUNTIES, UK property group, is to raise £182m through a rights issue, increasing its market value by nearly a half and diluting its South African parent's holding. Page 8

Townsend blamed for 'sloppiness' by disaster inquiry

BY KEVIN BROWN AND IVOR OWEN

THE BOARD and senior management of Townsend Car Ferries were blamed yesterday for hte loss of the Herald of Free Enterprise, which capsized with the loss of 188 lives off Zeebrugge four months ago.

Mr Justice Sheene, the High Court judge who chaired the inquiry, said the immediate cause of hte tragedy *was* serious negligence by the master, chief officer and assistant bosun of the Herald, which led to the bow doors being left open.

However, he said his inquiries led "inexorably to the conclusion that the underlying or cardinal faults lay higher up in the company."

He was critical of several named directors and managers of Townsend for their part in drawing up or failing to change procedures which allowed the tragedy to occur.

"From top to bottom the body corporate was infected with the disease of sloppiness," he said.

The judge said no criminal offence had been committed in connection with tragedy. The Government had already made clear that there would be no criminal prosecutions of sea or shore staff.

The inquiry report made a series of recommendations for immediate action on safety, and called for a review of the possible use of transverse bulkheads on the vehicle decks of ferries.

It also recommended that ferries built before 1980 should be phased out if they could not be modified to meet the latest asfety standards.

Lloyd's Register, which keeps a record of all world shipping, last night said there were 45 large UK ferries more than seven years old *and a further* 47 small ferries.

In the Commons, Mr Paul Channon, the Transport Secretary, faced demands from both sides of the House for action against the company.

He said allowing a vessel to go to sea with its bow doors open was not a criminal offence. This is to be rectified by an addition to the Merchant Shipping Bill, which the Government *intends to table after the* parliamentary recess.

Mr Channon announced that three of the inquiry's recommendations would be made mandatory for al UK registered ferries immediately.

Shipowners will be required to fit bridge warning lights to indicate whether sea doors are open or closed; television cameras to monitor vehicle decks at sea; and failsale emergency lighting.

The Government also intends to introduce random checks on ferry companies to ensure that regulations on loading, stability and passanger numbers are observed.

Mr Channon confirmed that the Government would provide £1m for research into technical issues such as the provision of bulkheads on vehicle decks.

He is to meet shipping companies next week to discuss other safety measures recommended by Mr Justice Sheene, including the introduction of automatic draught gauges and load indicators, and the design of windows.

Shipowners will also be asked to consider introducing a boarding card system to stop ferries carrying more than their permitted passenger limit.

Mr Justice Sheene said the immediate cause of the disaster was the failure of Mr Marc Stanley, the assistant bosun, to close the bow doors because he fell asleep in his cabin.

This was compounded by serious negligence by Captain David Lewry, the master, and Mr Leslie Sabel, the chief officer. Mr Lewry's qualifications were suspended for a year, and Mr Sabel's for two years, with a requirement that he should undergo a medical examination before being allowed to return to sea.

The inquiry had no authority to act against Mr Stanley but Mr Justice Sheene pointed out that he could be disciplined by Townsend if the company saw fit.

Numast, the merchant navy officers' union, said it would consider appealing against the sentences imposed on the two officers.

Mr Eric Nevin, the union's general secretary, said: "These

Continued on Back Page
Details, Page 4

Lloyds reports loss after £1bn provision for debt

BY DAVID LASCELLES, BANKING EDITOR

LLOYDS BANK has become the first British clearer to report a loss, having made provision of £1.07bn against possible Third World debt problems.

This is the largest charge made by a UK bank in the round of provision increases triggered by US banks in May and reflects Lloyds position as *the clearer most heavily exposed* to the Third World.

However, unlike Midland Bank, which earlier this week made a controversial decision to charge its £916m provision as an extraordinary item "below the line" to avoid going into the red, Lloyds is taking its charge 'above the line" as an exceptional item.

Sir Jeremy Morse, the chairman, said the provision "reflects the deterioration in the outlook for world trade and growth," but he stressed that it would not affect Lloyds' fundamental business strategies.

The provision resulted in *Lloyds announcing a pre-tax* loss of £697m in its interim results yesterday, though because of anticipated tax relief, the after-tax loss will be £516m. To

Third World debt provisions

	Provision (£m)	as % of exposure
NatWest	466	29.8
Barclays	*	*
Lloyds	1,066	30.1
Midland	916	27.1

* *To be announced next week*

underline the exceptional nature of the charge, Lloyds will pay an increased dividend out of its reserves and it will try to amend the staff profit-sharing scheme so that a bonus can be paid this year in spite of the loss.

The size of the provision was considerably larger than the City had expected and caused an initial fall in Lloyds' share price, which later recovered. The shares closed down 1p at 409p.

The charge will bring Lloyds' total provision against £4.3bn of loans to 28 problem countries up to £1.3bn, equivalent to 30 per cent. Lloyds' largest debtors are in Latin America, headed by Brazil, £1.3bn; Mexico, £853m; and Argentina, £455m.

Lloyds would not say what specific provisions had been made for each country, but Mr Brian Pitman, the chief executive, said the provisioning exercise had been a sweeping one. "We have put the kitchen sink in there," he said.

Lloyds decided to take the provision above the line because this was "best accounting practice," according to Sir Jeremy. Without referring to Midland, he said that if Lloyds had made the provisions in smaller amounts over a number of years rather than in one go, the charges would also have been above the line. NatWest, which will make a £466m charge, will take it above the line when it reports its results next Tuesday. Barclays, which is due to announce its results on Thursday, has not yet announced its intentions.

Sir Jeremy said that Lloyds' underlying business was strong *and* that post-tax profits would have been 6 per cent higher

Continued on Back Page
Details, Page 8: Lex, Back Page

Maxwell closes Daily News

BY RAYMOND SNODDY

MR ROBERT MAXWELL'S London Daily News, the 24-hours-a-day newspaper launched in February, closed yesterday.

It is the first daily newspaper to cease publication since the beginning of the industry's high-technology revolution.

Mr Maxwell said that "with regret and reluctance" he had decided to close the paper because he saw no prospect of ever making it viable. Yesterday's issue was the last.

More than 800 people, including 200 journalists, could lose their jobs although there will be talks with the unions to see how many can be absorbed into Mirror Group Newspapers and other parts of the Maxwell empire.

At the end, the paper was selling fewer than 100,000 copies a day compared with minimum sales targets of 200,000 at this stage.

The 126 issues of the paper set up to break the "monopoly" of Lord Rothermere's London Evening Standard cost Mr Maxwell between £25m and £30m—losses to be borne by Pergamon Media Trust.

The company was set up to make new investments in the media around the world and is *owned by Maxwell family trusts* based in Liechtenstein.

Mr Maxwell yesterday blamed distribution and printing difficulties rather than editorial problems for the demise of the newspaper.

Mr Angus Clark, general manager of the Daily Telegraph, whose subsidiary West Ferry Printers produced editions of the London Daily News, said he rejected criticisms by Mr Maxwell.

The Mirror publisher revealed yesterday that some weeks ago he had refused to accept the resignation of Mr Magnus Linklater, the London Daily News editor, who offered to resign when the failure of the paper became apparent.

At a staff meeting called to announce the closure, Mr Maxwell said that three-month contracts would be honoured and added: "The one thing I have plenty of is money."

Associated Newspapers, publisher of both the London Evening Standard and the London Evening News, said yesterday it intended to continue publication of the London Evening News despite the London Daily News closure. The London Evening News was suddenly relaunched by Associated Newspapers at the time of the London Daily News launch in an apparent attempt to "spoil" the impact of the new paper.

The closure underlines the difficulties of launching new newspapers despite the computer technology available.

Sunday Today, the Sunday edition of the paper founded by Mr Eddie Shah, closed recently and the News on Sunday, the left-of-centre paper, is still struggling after calling in the liquidators.

Background, Page 3

Gulf mine holes oil tanker under US Navy escort

BY OUR FOREIGN STAFF

THE US Navy's tanker escort operation in the Gulf suffered a setback yesterday when the newly-reflagged Bridgeton, a 401,382-tonne Ultra Large Crude Carrier, was holed when it hit a mine 120 miles south-east of Kuwait.

The White House said there was no question of immediate retaliation since it was not clear who laid the mine. But the US ambassador to Kuwait blamed Iran, and Iranian leaders described the incident as a blow to US political and military prestige.

"The US schemes were foiled by invisible hands and it was proved how vulnerable the Americans are, despite their unprecedented military expedition" in the Gulf to escort Kuwaiti tankers, Mr Mir-Hussein Mousavi, the Prime Minister, said in Tehran.

US officials said the incident, which was discussed at a meeting of the Reagan Administration's national security planning group, would not affect its controversial escort plan. But Congressional critics, including Mr Robert Byrd, the Senate Majority leader, said it highlighted the perils of US policy in the Gulf.

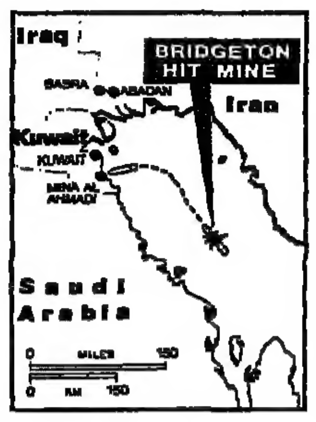
The three warships shadowing the Bridgeton and its smaller companion, the Gas Prince, were on maximum alert when the mine exploded yesterday *morning*, blowing a large hole just below the supertanker's waterline. The vessel took in water and was listing, but no casualties were reported. The incident occurred near the small island of Farsi, which is used as a base by Iranian Revolutionary Guards.

As the Bridgeton dropped anchor last night off its loading terminal at the Kuwaiti port of al-Ahmadi, the Kuwaiti authorities reacted with embarrassment and anger to the explosion, the fifth incident in the Gulf involving mines since mid-May.

Kuwait said some days ago *that the entrance channels* to al-Ahmadi had been cleared of mines. But yesterday's incident occurred some 40 miles south of these channels.

It was not clear whether the incident would delay the convoy. US officials said the Bridgeton was not seriously damaged and could take on a partial load for the return journey. But some local shipping experts warned that repairs might delay the operation for several weeks.

The oil and insurance markets seemed unperturbed by the mine explosion. Oil prices initially *rose* by about 30 cents in *Europe* but by *mid-morning* had resumed their recent



decline. In London. Brent crude closed 47.5 cents down at $19.525 a barrel, while New York prices also lost about 50 cents. Traders said the market had evidently decided that its earlier alarm over the Gulf had been overdone.

Underwriters and insurance brokers at Lloyd's of London saw no reason why the incident should result in an increase in premium rates for ships calling at Kuwait.

The last increase by the London market aws on June 22, when threats from Iran prompted underwriters to *double the price fo hull insurance* for vessels calling at Kuwait. Although 66 vessels have been attacked or damaged in the Gulf this year, total losses have been rare, and there is heavy competition in the lucrative was risks market.

Meanwhile, Iran raised fresh fears of an escalation in its Gulf conflict with Iraq. Hojatoleslam Hashemi Refsanjani, the parliament speaker, announced that Tehran would respond to any Iraqi attacks on its economic installations by hitting those of Iraq's allies. The threat, which Mr Rafsanjani described as "a new policy of retaliation," was thought to be principally aimed at Kuwait.

However, the Iranians also seemed to be sending out more conciliatory signals following the UN Security Council's unanimous call on Monday for an imediate ceasefire in the Gulf war. Mr Javier Perez de Cuellar, the UN Secretary-General, will sound out Tehran's position at a hastily-arranged meeting with Mr Ali Akbar Velayati, the Iranian Foreign Minister, in Geneva today. The Secretary-General met Mr Tariq Aziz, the Iraqi Foreign Minister in New York on Thursday.

Hijack, Page 2; The benevolent hand of the Ayatollah, Page 7

WEEKEND FT

TOKYO ON THE THAMES

Not since the arrival of the Arabs and their petrodollars has London witnessed anything to match the Japanese invasion. Report by Simon Holberton
Page I

TRAVEL

Annalena McAfee visits Paxos; plus the cross-Channel rush
Page VIII

PROPERTY

London's Docklands is witnessing the end of the beginning of a huge commercial and political gamble. John Brennan reports
Page X

OUTDOORS

Robin Lane Fox is building a swimming pool; plus Arthur Hellyer on Gardening
Page XIII

DIVERSIONS

How to Spend It, Food for Thought, Cookery, Saleroom, Summer Digs, Riding in London
Pages XIV and XV

SPORT

Teresa McLean on Cricket; Michael Thompson-Noel on today's big race at Ascot
Page XVIII

MARKETS

DOLLAR
New York lunchtime:
DM 1.856
FFr 6.176
SFr 1.537
Y150.0
London:
DM 1.8535 (1.8545)
FFr 6.1675 (6.1725)
SFr 1.5355 (1.5365)
Y149.9 (150.75)
Dollar index 103.7 (same)
Tokyo close Y150.7

US LUNCHTIME RATES
Fed Funds 6¾%
3-month Treasury Bills: yield: 5.86%
Long Bond: 99⅞
yield: 8.82%

GOLD
New York: Comex August latest $454
London: $453.75 (454.75)

STERLING
New York lunchtime: $1.604
London: $1.604 (1.6045)
DM 2.9725 (2.975)
FFr 9.8925 (9.905)
SFr 2.4625 (2.465)
Y240.5 (241.75)
Sterling index 72.7 (same)

LONDON MONEY
3-month interbank: closing rate 9⅞ (9⅞)

NORTH SEA OIL
Brent 15-day August (Argus) $19.53 (20)

STOCK INDICES
FT Ord 1,845.0 (+8.9)
FT-A All Share 1,192.66 (+0.4%)
FT-SE 100 2,346.9 (+6.7)
FT-A long gilt yield index: High coupon 9.35 (same)
New York lunchtime: DJ Ind Av 2,481.03 (+9.09)
Tokyo: Nikkei 23,942.94 (+906.42)

Chief price changes yesterday, Back Page

Austria Sch 22; Bahrain Din 0.650; Belgium BFr 48; Canada C$1.00; Cyprus C£0.75; Denmark DKr 9.00; Egypt E£2.25; Finland Fmk 7.00; France FFr 6.50; Germany DM 2.20; Greece Dr 100; Hong Kong HK$12; India Rup 15; Indonesia Rp 3,100; Israel NS 3.50; Italy L1,800; Japan Y600; Jordan Fils 500; Kuwait Fils 500; Lebanon £1,100; Luxembourg LFr 48; Malaysia Rin 4.25; Mexico Pes 300; Morocco Dh 6.00; Netherlands Fl 3.00; Norway NKr 7.00; Philippines Pes 20; Portugal Esc 100; S Arabia Rls 6.0; Singapore S$4.10; Spain Pts 125; Sri Lanka Rup 30; Sweden SKr 8.00; Switzerland SFr 220; Taiwan NT$65; Tunisia Din 0.800; Turkey L500; UAE Dh 6.50; USA $1.00; Bermuda $1.50.

CONTENTS

W German union leader attacks plan to cut taxes

BY ANDREW FISHER IN FRANKFURT

THE HEAD of West Germany's largest trade union, IG Metall, yesterday launched a strong attack on the Government's tax-cutting plans, calling instead for measures to promote employment.

However, the Government reaffirmed its plans for tax reforms, announcing also that it expected the economy to show a real average growth rate of 2.5 per cent up to 1991. This year, indications are that gross national product will rise only by 1.5 per cent.

Mr Franz Steinkuehler, president of the 2.6m-strong metal-workers' union, said the proposed tax cuts would benefit high earners far more than the lower paid. The German trade union confederation would campaign for more jobs and against tax concesions for the well paid.

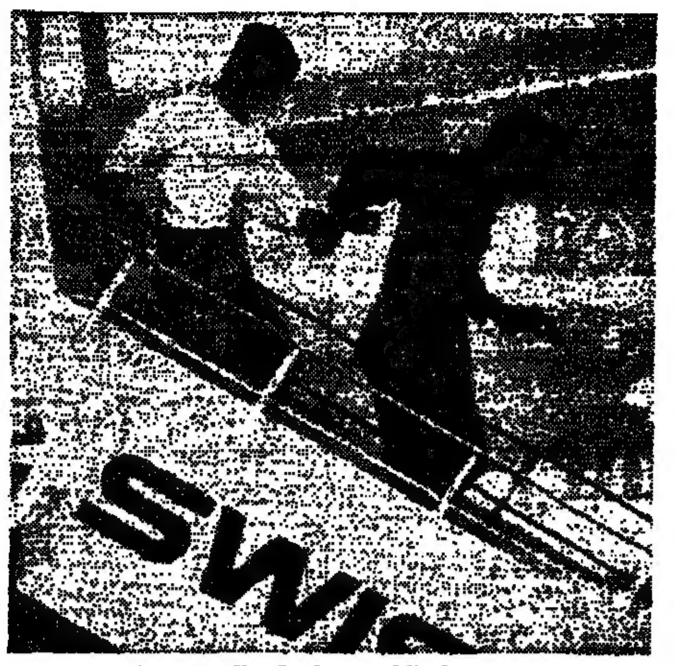
Union opposition to the tax reforms, seen by the Government as the best way to promote steady growth into the 1990s, has been building up for some weeks, as jobs have been under threat in such hard-pressed industries as steel, coal and shipbuilding.

Even within its own ranks, the centre-right coalition in Bonn has come up against objections to the tax changes, which will reduce revenues of the regional states (Lander).

Mr Otto Schlecht, state secretary at the Economics Ministry, said implemention of the tax reform was a pre-condition of the continued growth being forecast for the next few years.

The reform package is designed to reduce Germany's overall tax burden by DM 50bn ($27bn) between 1986, when the first cuts were made, and 1990. The size of next year's cuts has been raised from DM 9bn to DM 14bn, partly as a response to widespread foreign calls for economic stimulation, especially from the US.

The Government intends to cut subsidies to help finance the tax moves, but discussions on this have yet to be completed. Mr Schlecht said the tax and subsidy cuts would help the German economy become more competitive and flexible. He did not think the forecast of 2.5 per cent growth up to 1991 was too optimistic, though it assumes faster expansion in investment by industry. Since 1983, he noted, the German economy had gained progressively in strength, with a basic annual trend of 2.5 per cent growth, despite short-term fluctuations above and below this.



Armed police lead away hijack suspect

Aircrew overpower hijack killer

BY WILLIAM DULLFORCE

A LEBANESE hijacker yesterjacker forced an Air Afrique airliner to land at Geneva's Cointrin airport and killed a French passenger before being overpowered by the air crew and arrested by Swiss police.

Reports that the highjacking was linked to the confrontation between France and Iran were not immediately confirmed.

French security is understood to have monitored a conversation between the hijacker aboard the aircraft and a contact in Beirut, during which the hijacker reportedly specified that he would hold the 104 French passengers on board until his demands were met.

However, a French foreign ministry spokesman denied that any link with Iran had been established. The hijacker had demanded the release of the Hamadi brothers, held in West Germany, the spokesman said.

These Lebanese brothers are alleged to have taken part in the highjacking of a US TWA airliner to Beirut in 1985. A US request for their extradition has been refused by the West German authorities.

Swiss officials initially identified the hijacker as Hussein Ali Mohamed Hariri, 21. Swiss radio, quoting sources in Beirut, said he was a Shi'ite Lebanese, arrested in 1984 by the Israelis on terrorism charges and released last May after intervention by the International Red Cross. A Swiss police official, however, said later there were doubts about his real name.

The Air Afrique DC-10, carrying 148 passengers and 15 crew, was hijacked between Rome and Paris on a flight that started in Brazzaville, Congo, and stopped at Bangui, capital of the Central African Republic, where, airline officials said, the hijacker boarded.

The pilot, Captain Eduoard Artizzu, told reporters at Geneva that a man brandishing a pistol ran into the cockpit, shouting that he had a score to settle with France.

The hijacker forced the crew to land at Geneva and demanded refuelling for a flight to Lebanon or Saudi Arabia. He shot dead Mr Xavier Beaulieu, 28, a French businessman, with a bullet in the head.

Shortly afterwards passengers opened the door at the rear of the aircraft and started to escape down the chute. The pilot then released the other exists and passengers started to pour out of the aircraft.

In the melee a steward, who with other crew members tackled and overpowered the hijacker, was shot in the stomach. Swiss police said that the hijacker would be charged with murder.

Nora Boustany adds from Beirut: The hijacking followed a warning to France from the Islamic Jihad group in Lebanon that no hostage in its captivity would come out alive unless its demands were met.

Reuter adds from Rome: Lebanese-based organisation yesterday threatened reprisals against Italy if Rome went ahead with an agreement to represent French interests in Iran after last week's break in diplomatic relations between Paris and Tehran.

Italy agreed to act as Paris's representative in Tehran after the two countries cut diplomatic ties following an 18-day crisis sparked by the refusal of an Iranian embassy interpreter to submit himself for questioning about alleged terrorist links.

US economy achieves 2.6% growth

By William Hall in Washington

THE US economy grew at a real annual rate of 2.6 per cent in the second quarter of 1987, strengthening the Reagan Administration's confidence that the US economy will match its 3.1 per cent growth target for 1987.

The growth rate was slightly higher than market expectations and follows a revised 4.4 per cent growth rate in the first quarter of the year. The Administration had forecast at the start of the year that the economy would grow by 3.1 per cent in 1987, compared with 2.9 per cent in 1986, and Mr Malcolm Baldrige, the US Commerce Secretary, said yesterday he was confident the target growth rate could be achieved. Mr Baldrige said the economic future was not "perfectly smooth" and US home building could decline further. He said US car inventories were on the high side and economic growth would have to take its strength from areas such as trade and business investment.

Unlike the previous two quarters, US consumer spending increased by $12.3bn, or a seasonally adjusted annual rate of 2.1 per cent, in the second quarter led by a surge in durable goods, primarily motor vehicles. Non-residential fixed investment rose by $8.2bn, or a 7.9 per cent real annual rate, and real net exports increased by $7.4bn in the latest quarter.

In current dollar terms the US gross national product increased by 6.7 per cent, or $71.1bn in the second quarter. The US Commerce Department said that prices, as measured by the implicit GNP price deflator, rose by 3.3 per cent in the second quarter which was down on the previous quarter's 4.2 per cent but higher than the recent average level.

The Commerce Department also released revised GNP figures for previous years yesterday and in all cases the growth rates were revised upwards. According to the latest data the US economy grew by 6.8 per cent in 1984, 3.0 per cent in 1985 and 2.9 per cent in 1986.

Tamil leader flown to New Delhi for talks

BY K. K. SHARMA IN NEW DELHI

THE LEADER of the main Tamil militant group, Mr Velupillai Prabhakaran, was yesterday flown in an Indian helicopter from his hideout in Jaffna to New Delhi where he is expected to meet the Indian Prime Minister, Mr Rajiv Gandhi, this weekend.

Mr Gandhi and Indian officials are expected to put pressure on Mr Prabhakaran to agree to Sri Lankan President J. R. Jayawardene's proposals for an autonomous Tamil-majority homeland made up of the northern and eastern provinces of the island republic.

The proposal for such a political unit falls short of the Tamil demand for an independent homeland they call Eelam but this has been hammered out in detailed negotiations between Indian diplomats and the Sri Lanka President as a solution to the long-standing ethnic problem that has taken more than 6,000 lives in the past five years.

If all goes well in the next two or three days, it is expected Mr Gandhi will fly to Colombo to be present at the signing of an agreement between the Sri Lankan Government and the Tamil militant groups. No date has been announced for the signing but reports from Colombo and Madras, where the militants are based in India, suggest that this could take place as early as next Wednesday.

The Indians were yesterday cautious about the details of the agreements and would not say anything about Mr Gandhi's plans. An official spokesman said that the recent talks in Sri Lanka and Mr Prabhakaran's visit to New Delhi were part of "an ongoing effort to find an early peaceful solution to the ethnic issue."

The efforts are continuing but for the present he would not say anything further or substantial.

The decision to send an Indian helicopter to Jaffna to fly Mr Prabhakaran to Madras was taken in consultation and with the consent of the Sri Lankan Government and is in marked contrast to the confrontation between the two countries last month when Indian Air Force fighters deliberately violated Sri Lankan air space to drop supplies to the Tamils while a government offensive was in progress.

The Indian position has already been explained to the Tamil militant leaders in the last couple of days by diplomats belonging to the Indian High Commission in Sri Lanka who flew to Jaffna from Colombo. This means that the Sri Lankans and the Indians are working together closely to bring about a solution to the ethnic issue.

From the Indian side, this means putting pressure on the militants who depend on the government for both political and military support apart from the refuge they are given in the south Indian state of Tamilnadu. As such, it will be difficult for them to resist pressure from India.

A solution to the ethnic issue will also be important for Mr Gandhi since he will be seen to have contributed to settling a difficult problem at a time when he is under attack from his political opponents at home and faces a crisis that threatens his position as Prime Minister.

Brazil again declines to pay interest

BRAZIL has turned down a renewed demand by the country's bank advisory committee that it resume interest payments on $68bn of medium- and long-term foreign debt to banks, Reuter reports from New York.

Bankers said the 14-bank committee on Thursday urged a resumption of payments, which were suspended in February, to improve the climate for negotiations on a new financing package. However, Brazil's negotiators, headed by Mr Fernando Milliet, the central bank governor, said payments would not resume until the package was firmly in place.

Chairmen of half a dozen leading creditor banks were scheduled yesterday to meet Mr Luiz Carlos Bresser Pereira, the Brazilian finance minister, who has been in Washington for talks with international lending agencies and the US Government.

Brazil's rebuttal left some bankers pessimistic about the chances for swift progress when debt talks start in earnest, probably in September.

One senior banker said: "If Brazil continues with such diffidence about servicing its debt, it is going to come back hard on them in the longer haul. I think we are a long way away from any realistic negotiation."

Apart from the ill-will generated by the halt in interest payments, Brazil's refusal to turn to the International Monetary Fund remains another big obstacle to a bank financing package.

EC social fund plans remain unchanged

By William Dawkins in Brussels

THE EUROPEAN Commission yesterday confirmed it is sticking to its guns in its attempt to double in real terms EC structural funds for social and regional projects.

Its final proposals, published yesterday, contain almost no concessions to the scheme's fiercest critics, Britain, West Germany and France, the EC's biggest budget contributors.

The proposals are strongly supported by the poorest Mediterranean countries most likely to benefit, but they are unlikely as they stand to attract member states' unanimous support, which is needed if they are to be put into effect. Diplomats yesterday voiced surprise that the scheme was hardly changed from earlier drafts.

EC regional and social funds would go up from Ecu 6.5bn (£4.48bn) to at least Ecu 13bn by 1992, the deadline for the creation of a genuinely free internal market. The aim is in part to help poorer member states adapt to greater competition, an argument that many in the richer North view with scepticism.

The northern member states might agree to a smaller increase, but Mr Grigoris Varfis, the Greek Commissioner in charge of the scheme, yesterday insisted that a doubling in funds was essential.

About three-quarters of the cash would be spent on industrially backward regions where incomes are less than 75 per cent of the EC average, a category which embraces a fifth of the community's population.

EC car makers renew calls for curbs on Japan

By William Dawkins in Brussels

CAR MAKERS in the EC are putting renewed pressure on a resistant European Commission for community-wide controls on Japanese car imports.

The Commission revealed yesterday that Japanese passenger car shipments to the EC reached a record 563,000 vehicles in the first five months of the year—90,000 units, or 19 per cent, more than the same period in 1986.

Japan's Ministry of International Trade and Industry wanted to hold the increase in car sales to the community this year to the 1986 level of 10 per cent.

The heads of Rovers, Volkswagen, Fiat and Peugeot claimed during a meeting with Mr Willy de Clercq, the external trade commissioner and Mr Karl-Heinz Narjes, his colleagues in charge of industry, that Japanese car exporters were operating "at the edge of profitability," especially in West Germany and the Benelux countries.

However, the commission has said it would not impose external measures on top of existing national import restrictions, implying that national car import barriers should go. Five member states—Britain, France, Italy, Spain and Portugal—representing nearly 63 per cent of the EC car market, operate bilateral import controls with Japan

The meeting with the car manufacturers is understood to have ended with little agreement between the two sides.

US and EC fail to resolve row over Airbus

BY WILLIAM DULLFORCE IN GENEVA

THE European Community and the US have failed to settle their dispute over European Government funding for the Airbus airliners after three days of talks in Geneva. Their failure opens up the prospect of another major trans-Atlantic trade conflict.

Mr Bruce Wilson, the assistant trade representative leading the US team, rejected an EC proposal for a new meeting in September saying that he would first have to seek guidance from his "political principals" in Washington.

He voiced disappointment with many aspects of the talks in Geneva. The US had not achieved the kind of agreement for which it had been seeking. European government support for the four-nation Airbus Industrie remained a major issue, Mr Wilson said.

Earlier US officials had warned their European counterparts that a failure to make progress over the dispute could trigger moves by Boeing and other US aircraft manufacturers to seek retaliatory action against Airbus under US trade laws.

A less sombre statement from the EC mission said the consultations had proved to be constructive. All signatories to the civil aircraft code of the General Agreement on Tariffs and Trade had recognised their common interest in avoiding a trade conflict, the EC said.

Mr Wilson, however, said there had been no convergence of views over article 6 in the Gatt code, which defines the framework for government support. "The Community has one interpretation and we have quite another," he said.

Washington claims that loans from the French, West German and British Governments for developing Airbus airliners are not made on commercial terms and allow Airbus to undersell US manufacturers.

The two sides have agreed on the compilation of a list of prohibited government inducements and on its possible content, but, the EC stipulated, the list would have to be "illustrative and non-exhaustive" rather than obligatory.

Comments by officials made it clear that the EC continues to resist all US attempts to curb the degree of public financial support for Airbus Industrie.

Senior trade officials to Gatt fear that the US-EC Airbus dispute can have a disruptive effect on the current trade-liberalising Uruguay round.

Rome court explains why Marcinkus arrest dropped

BY ALAN FRIEDMAN IN MILAN

ITALY's Supreme Court last night explained its controversial decision a week ago to cancel the arrest warrant against Archbishop Paul Marcinkus, chairman of the Vatican bank, who is charged with involvement in the fraudulent bankruptcy which caused the 1982 crash of Banco Ambrosiano.

The court said Italian jurisdiction did not extend to the Vatican, basing its views on an article in the 1929 Lateran Pacts between Mussolini and the Holy See.

According to the court, article 11 of the 1929 concordat stipulated that the Italian states does not have the right to interfere with any central organs of the Catholic Church. However, the Vatican Bank, known in Italy as the Istituto per le Opere di Religione (IOR), has never been specified as a central organ, which means the court chose to interpret the pacts in this manner.

The court's ruling went against the recommendation of its own state prosecutor, who argued that concrete proof exists of the involvement of 65-year-old American-born Mr Marcinkus in the affairs of the late Roberto Calvi, the Ambrosiano chairman who was found in June 1982 hanged from Blackfriars Bridge in London.

Pretoria detains eight as others go into hiding

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN police arrested at least eight prominent anti-apartheid activists in pre-dawn swoops on homes in the Johannesburg area yesterday.

Mr Azhar Cachalia, national treasurer of the United Democratic Front, was taken from his home at 4 am. There are now only two members of the UDF's national executive not detained or in hiding.

On the evening before his arrest Mr Cachalia had expressed concern at the detentions on Wednesday of Mr Murphy Marobe, the UDF's acting publicity secretary, and Mr Mohamed Valli, the organisation's acting national general secretary

Since Wednesday several leaders of unions and organisations affiliated to the UDF are said to have gone into hiding, fearing further arrests.

Others reported to have been arrested early yesterday were: Mr Eddie Makue from the South African Council of Churches; Miss Gail Elliot of the Detainees Parents Support Committee; Miss Rina Sherman and Mr Willie Curry of the Johannesburg Democratic Action Committee; Mr Azhar Bham of the Transvaal Indian Congress; Mrs Jessie Duarte of the Federation of Transvaal Women; and Mr Etienne Marais, the president of the Student Representative Council at the University of the Witwatersrand. Mr Marais was released after a few hours.

Casey asked Reagan to fire 'disloyal' Shultz

SENATOR William Cohen revealed yesterday in the Iran-Contra hearings that Mr William Casey, the late director of the Central Intelligence Agency, wrote to President Ronald Reagan on November 23 last year suggesting that Mr George Shultz, the US Secretary of State, be fired for disloyalty, agencies report from Washington.

The still-classified letter was written just as the secret Contra aid programme and diversion of money from the Iran arms sales were about to become public.

Senator Cohen said that in the letter, Mr Casey told the President that "you need a new pitcher" at the State Department because the secretary was not following the "party line."

Mr Shultz, testifying yesterday, said the emerging details of the Iran-Contra affair sometimes made him "feel like I'd like to wring somebody's neck."

Mr Shultz sarcastically disputed the testimony of Admiral John Poindexter, former National Security Adviser, that only his National Security Council staff had any ideas for gaining the release of American hostages in Lebanon.

"A terrific idea. Let's trade the Dawaa prisoners for the hostages," he said, referring to terrorists imprisoned in Kuwait. "Fantastic. Lord deliver us from such bright ideas as that."

● NANCY DUNNE writes: President Reagan has selected Mr William Sessions, a 57-year-old Texas judge, as the new director of the Federal Bureau of Investigation.

Fiat considers suit against judge over bribery remark

BY ALAN FRIEDMAN IN MILAN

FIAT, the Turin-based car maker which is Italy's biggest private sector conglomerate, is considering legal action against an investigating judge who has alleged the involvement of Fiat executives in a local municipal bribery scandal.

Mr Vittorio Chiusano, Fiat's lawyer, yesterday described recent comments by Judge Sebastiano Sorbello as "defamatory" and said the car company had not decided on how to respond.

Judge Sorbello, who has been investigating the awarding of local Turin city contracts in 1981 for trams and traffic lights, has accused former Communist Mayor Diego Novelli and other politicians of having been involved in soliciting bribes from Fiat executives who eventually won the city contracts. Mr Novelli said yesterday he too is considering legal action against the judge.

The Turin judge claimed in an Italian magazine interview that a Fiat executive had told him that the requests for bribes had been "forwarded to the appropriate office" inside Fiat headquarters.

Judge Sorbello said he had interrogated Mr Ubaldo Scassellati, a former director of the Agnelli foundation, who later handled some Fiat contracts for Turin. According to the judge, Mr Scassellati told of having been asked for a bribe and having passed the request "to the appropriate office."

Mr Chiusano said yesterday that the judge's comments "imply that inside Fiat there is an office with responsibility for bribes and this is patently

Fiji chiefs split over ethnic seats

By Our Foreign Staff

FIJI'S TRADITIONAL chiefs have split on a plan aimed at giving political dominance to indigenous Fijians over ethnic Indians and on the equally controversial issue of whether to declare a republic.

The Great Council of Chiefs' meeting in the capital of Suva was yesterday to have agreed a plan to increase the number of seats in parliament and guarantee the majority to Melanesians. The post of Prime Minister would also have been reserved for Melanesians.

Fiji's elected government was toppled by an army coup on May 14.

Yesterday a bomb explosion, the third this week, rocked a car park at Nadi international airport. No one was injured.

Malaysian premier mends fences with UK

BY ROBIN PAULEY, ASIA EDITOR

DR MAHATHIR MOHAMAD, Prime Minister of Malaysia, wraps up a week-long visit to Britain today during which he has firmly re-established good relations and finally buried the ill-feeling associated with his "Buy Britain Last" campaign.

Tomorrow Dr Mahathir leaves for Budapest and Moscow where he will preach some of the same messages he brought to Britain—that Malaysia is seeking friendly ties with nations throughout the world, it is open to foreign investment which will help its progress towards industrialisation and that racial discrimination, particularly that practised by South Africa, must be opposed.

His official visit to Britain was his first since he became Prime Minister although he has made numerous private visits. He has concentrated on the business community, seeking to promote Malaysia as an ideal investment centre in Asia, and has repeatedly stressed Malaysia's historic links with Britain, continuing the conciliatory tone started by Mrs Thatcher when she visited Malaysia in 1985.

In several of his speeches, including that to the Confederation of British Industry, Dr Mahathir complained that the worst possible interpretation had been put on Malaysia's Look East policy.

This did not mean giving all contracts to and buying all goods from nations like Japan and South Korea. "It means learning the work ethics, management methods, business practices and Government-business partnerships in Japan and the successful newly industrialised countries

Goria delays formation of Italian government

BY OUR MILAN CORRESPONDENT

THE FORMATION of a new Italian government under the leadership of Mr Giovanni Goria, the 43 year old Christian Democrat who is Italy's outgoing Treasury minister, has been put off until next week.

Mr Goria, who was named prime minister designate 12 days ago, had been hoping to present his list of cabinet ministers already this weekend. It now appears that the "summit" meeting of the leaders of the fallen five-party coalition government (Christian Democrats and Liberals) will take place next Tuesday. This meeting would signal its agreement to a programme, after which a government would be formed.

The delay has been caused by various factors including haggling among parties over both programme and the allocation of cabinet posts. Two issues—both of them related to the political manoeuvering of Mr Bettino Craxi, the former prime minister and leader of the Socialist party—have especially contributed to the delay.

The first concerns objections which the Socialists have raised in recent days to the nuclear energy planks of Mr Goria's proposed government programme.

The second matter concerns the Socialist party's request that the tiny left-wing Radical party be included in the new government coalition.

Peasants return to Manila's bridge of protest

BY RICHARD GOURLAY IN MANILA

MANILA'S most infamous bridge was back in the limelight yesterday as riot police and peasants confronted each other in a familiar ritual 500 yards from President Corazon Aquino's palace.

More than 2,000 peasant farmers marched to Malacanang Palace angrily protesting against the land reform programme which President Corazon Aquino signed on Wednesday and denouncing her as an enemy of the poor.

As the clamour of protests rose for a second day, attention shifted away from landlords, who have signed in blood a charter to defend their lands with their lives.

In response to the peasant protest fire trucks with water cannon waited out of sight of Mendiola Bridge, where in January soldiers shot dead 15 peasants demanding genuine land reform. Police with truncheons lolled on riot shields for hours before the marchers arrived and then lined up on the bridge behind barricades of rolled barbed wire.

The land reform programme signed by Mrs Aquino calls for all agricultural land to be distributed to tenant farmers, with the landowners compensated by the government at a fair market price. It includes sugar estates like the 6,000 hectare farm owned by the Aquino family.

However, it leaves the new Congress, which sits for the first time on July 27, to decide how many hectares each landowner will be able to retain and when the controversial distribution reform of sugar lands will begin.

Even moderate supporters of land reform had hoped Mrs Aquino would use her powers to legislate by fiat—which runs out when Congress sits—to decide these two critical issues and end months of debate.

Yesterday the merits or otherwise of Mrs Aquino's plan faded into the background as Manila anxiously waited to see what the peasants would do at Mendiola. Mr Jaime Tadeo, the left wing peasant leader, again led the marchers. After leading the January riot he was charged with incitement to sedition.

Then there were placards saying, "Aquino government-Marcos regime. Is there a difference?" T-shirts proposed "Farms not arms," and Mr Tadeo accused Mrs Aquino of wanting to evict thousands of landless poor from unused and abandoned lands where they were squatting.

The fact that nothing else happened has not diminished the mystique of the bridge. "Crossing Mendiola was the impossible dream," a former student during the Marcos years says, reflecting the tight security thrown round the palace then. As a result the unprepossessing bridge perched above a fetid pond and squatter shacks—both within easy sight of Marcos's car each time he left the palace—became a symbol of the repressive regime and the target of dozens of protest marches.

Many people made their first crossing the night Mr Marcos and his family were whisked away from the palace by US helicopters in February 1986, leaving a marauding crowd to surge through the presidential gates. Months after Marcos left, taxi drivers would make great detours around the palace, programmed, as it were, to not being able to drive past the palace.

However, it took the tragic death of the 15 peasants in January before demonstrators five days later were allowed to cross the bridge and march right up to the palace. Even then they did not reach the gates as 10 cabinet ministers linked arms with dozens of palace employees and barred the way.

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UK NEWS

Air Europe chief says BA is seeking monopoly

BY LYNTON McLAIN

LORD KING, the chairman of British Airways, has "turned an absolute somersault" over his proposal to release rights to some international routes operated by BA and BCal, for use by other UK airlines, Mr Harry Goodman, the chairman of International Leisure Group said yesterday.

BA is proposing to merge with BCal. ILG's airline, Air Europe, has offered to buy the UK and European routes run by BCal, in an attempt to weaken the monopoly power of the merged BA-BCal airline and create some competition.

"Lord King is all out to get a complete monopply of UK air services," Mr Goodman said after writing to Lord King yesterday, after the receipt of a reply from Lord King to ILG's offer to buy the BCal routes.

Lord King said in his letter: "As we have made clear, it is our intention after the merger tot operate all the services now operated separately by the two airlines" (BA and BCal).

Mr Goodman said in his letter that appeared to be "strongly at variance" with the statement sent by BA to the Director General of Fair Trading on July 19, which said: "In some markets the merger should also provide additional opportunities to other UK airlines by releasing international rights which have been separately exercised by BA and BCal."

Mr Goodman said yesterday that ILG believed the contradictions indicated by those letters emphasised that the proposed merger would have significant detrimental effects on competition in UK domestic and European airline services.

Air Europe is understood to be prepared to pay about £50m for the 16 BCal European services and four UK services.

ILG submitted its own evidence yesterday on the proposed merger, to the director general of fair trading.

ILG opposes the merger unless it is given the opportunity to buy the BCal routes, in which case it will not insist on the merger proposals being referred to the Monopolies and Mergers Commission.

Tories join BA-BCal attack

BY IVOR OWEN

TORY backbenchers joined Labour MPs in the Commons yesterday in urging the Government to refer the proposed merger of British Airways and British Caledonian to the Monopolies and Mergers Commission.

Mr Anthony Steen, Conservative MP for South Hams, an adviser to British Midland Airways and other independent operators, claimed that if the merger went through, the chairman of British Caledonian, Mr Adam Thomson, would get a golden handshake of between £2.5m and £3m.

He also stated that the institutional investors associated with 3i (Investors in Industry) stood to make £100m.

Mr John Butcher, Under-Secretary for Trade and Industry, promised to bring the views expressed in the debate to the attention of Sir Gordon Borrie, the Director General of Fair Trading, who is considering whether to recommend a reference to the commission.

The minister confirmed that the final decision on whether a reference should be made would be taken by Lord Young of Graffham, the Trade and Industry Secretary, who would attach "considerable weight" to the advice given by the director general.

Mr Butcher assured the House that the Government's general policy remained that references to the commission would primarily be on grounds of competition, having regard to the international context.

That, however, did not mean that the dwirector general and Lord Young would not look at non-competitive aspects.

Mr Steen emphasised that he spoke for many MPs on both sides of the House in declaring total opposition to the merger going ahead without a reference to the commission.

He accused BA of delivering an ultimatum: if the takeover was not allowed to go ahead without a reference to the commission, British Caledonian would "go bust and our offer will lapse."

Mr Steen maintained that BA's offer amounted to about three times the market value of British Caledonian because it was prepared to pay more than anyone else for "a monopoly stake in the civil aviation industry."

He contended that British Caledonian was "perfectly profitable" if run by new management that eliminated overstaffing, inefficient use of aircraft, under-utilisation of buildings and trade union domination.

A "realistic price" for British Caledonian would be £80m to £90m which could still be an effective second force in the aviation industry.

Forcefully urging the Government to let the merger go ahead without a reference to the commission, Mr Terence Dicks, Conservative MP for Hayes and Harlington, whose constituency includes Heathrow, said it would give BA the opportunity to compete more effectively in international markets

He also spoke of British Caledonian's "bad financial situation" and the possibility that it might be taken over by a foreign airline—later dismissed by Mr Steen who said legislative restrictions ensured a majority British holding.

Sir Peter Emery, Conservative MP for Honiton, emphasised that if the merger went ahead it would "tear in half" the competition policy on which the Government had fought last month's general election.

In replies to written questions, Mr Kenneth Clarke, Chancellor of the Duchy of Lancaster, said alternative proposals for the separate purchase of some of British Caledonian's operations were, in the first instance, matters of commercial negotiation.

Asked what information he had received from British Caledonian about alternative options for its future, with particular reference to a possible bid by a foreign airline, he answered "none."

Controls proposed on Guernsey jobs

BY EDWARD OWEN

EMPLOYMENT CONTROLS will be introduced in Guernsey if proposals published yesterday by the island's advisory and finance committee are approved by local MPs in September.

Under the proposed law, anyone arriving on the island from yesterday will need an employment licence to take a job or set up self-employed business.

The number of licences available to each sector of the economy will be decided annually and will be valid only for a specified period.

People ordinarily resident in Guernsey on July 24 will not be affected unless they change jobs. In that case they will have to produce an exemption certificate proving they were on the island on the crucial date or a "status declaration" showing they have residential qualifications.

The committee says the law is needed to bring job creation and population growth under "stricter management."

It has been warned by Peat Marwick McLintock, the consultancy firm carrying out an economic survey for Guernsey, that continued growth at the present rate will put unsustainable pressures on the island's social structure and environment.

The main factor has been the rapid expansion of offshore finance business, which is thought to have been largely responsible for a population increase of more than 2,000 since 1981. It is estimated that the present population of about 55,500 might rise to 62,000 by 1991 unless restraints are applied.

Esso plans £100m extension to refinery

By Lucy Kellaway

ESSO PLANS to build a £100m extension to the Fawley refinery, near Southampton, which will provide up to 1,000 construction jobs.

The plant, on which work is to start next year, will upgrade heavy fuel oil into lighter and more valuable products.

The industry is shifting generally away from heavier fuels, which are used mainly by power stations and which have come under increasing competition from coal and nuclear power.

Most refineries in Europe have invested heavily in capacity to upgrade the heavier end of the barrel to lighter products such as petrol and aviation fuels, for which prices are higher and demand still growing.

The extension to the refinery which will be completed in 1989, is part of a continuing process of investment in new capacity at Fawley since 1980 to upgrade its products and to prepare it for unleaded petrol.

Esso said some work had already started on new process-control technology, but that contractors to build the plant had not yet been appointed.

Fawley, one of Europe's biggest refineries, has capacity to process 15.6m tonnes of oil a year.

Arco finds big gas deposit in North Sea

By Lucy Kellaway

ARCO, the US oil company, yesterday announced the discovery of a "substantial gas accumulation" in the southern North Sea. The company said it had completed a test well on block 48/11A, which had flowed at the rate of 30m cu ft a day.

The announcement is the latest in a series of encouraging discoveries in the North Sea and follows recent oil finds by fellow US oil companies Amoco, Amerada Hess and Chevron.

Oil analysts said yesterday that the Arco find could be developed soon as a satellite to the nearby Hewett field.

● BP yesterday increased sharply its estimate of reserves for the Ula field in the Norwegian sector of the North Sea. The field, discovered in 1976, came on stream late last year and is estimated to contain 250m barrels of oil, compared with an earlier figure of some 160m barrels.

Irish post offices to sell sterling drafts

STERLING drafts of up to £225 are to become available at all main post offices in Ireland following an agreement between the Irish post office and Girobank.

Raymond Snoddy on the failure of the London Daily News

Loser in the deepest-pocket duel

THE LONDON Daily News began with boasts and ended yesterday with tears.

"We will see who has the deepest pocket," Mr Robert Maxwell, publisher of the 24-hours-a-day newspaper, said in February when he heard that Lord Rothermere, proprietor of the London Evening Standard, planned to revive the London Evening News to coincide with the LDN launch.

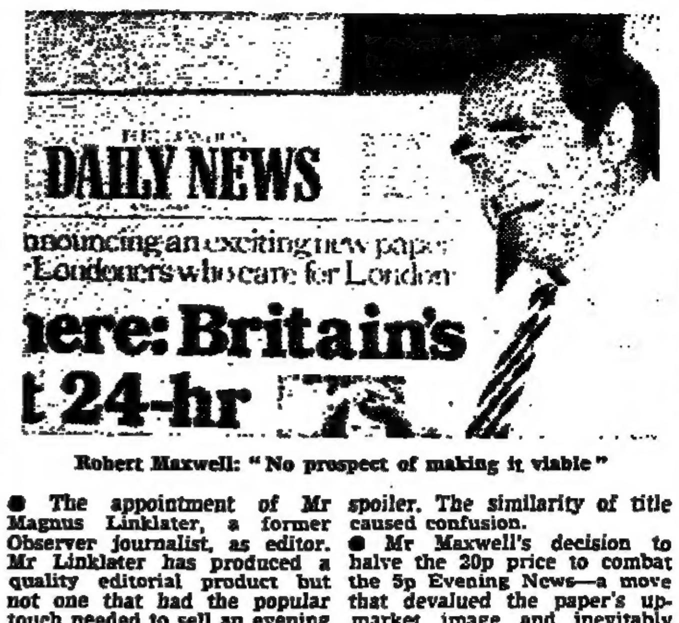
The answer came yesterday as Mr Maxwell flew in from his Oxford home by helicopter and told senior executives he had decided to close the paper launched on February 24 with fireworks and laser displays over the Thames.

For the past two weeks there has been a position paper within Mirror Group Newspapers on the future of the London Daily News. Option one was closure. The alternative was a relaunch in the autumn.

Mr Maxwell himself decided that a paper now selling fewer than 100,000 copies a day, compared with minimum sales targets of 200,000, was not viable and that there was "no prospect of ever making it viable."

Startled staff were summoned yesterday to a 12.15 pm meeting in the Daily Mirror building to be told of the closure, although Mr Maxwell had said publicly, as recently as last month, that he would give the paper two or even three years to establish itself.

Senior executives associated with the London Daily News yesterday pointed to a series of errors that undermined the paper's chances of success. They included:



Robert Maxwell: "No prospect of making it viable"

● The appointment of Mr Magnus Linklater, a former Observer journalist, as editor. Mr Linklater has produced a quality editorial product but not one that had the popular touch needed to sell an evening paper.

● The decision to move immediately to the untried concept of a 24-hours-a-day paper, which increased the cost and complexity of the operation. Many journalists believe Mr Maxwell moved to 24 hours to cover his embarrassment at delaying the launch.

● Sticking to the name London Daily News even after being warned by Mr Bill Gillespie, former managing director of the project, now with News International, that Lord Rothermere was planning to revive the London Evening News as a spoiler. The similarity of title caused confusion.

● Mr Maxwell's decision to halve the 20p price to combat the 5p Evening News—a move that devalued the paper's upmarket image and inevitably had to be reversed.

"All the bad decisions were taken personally by Maxwell," a senior staff member said yesterday. "We all feel betrayed."

At a time when the London Daily News was also facing what it claims were serious printing and distribution problems, the London Standard moved very quickly to hold on to its territory and managed to increase circulation to 550,000 after the LDN launch.

Apart from the pincer movement represented by the revival of the London Evening News, the Standard launched a series of clever promotions to lock in existing readers. A free draw with London houses as prizes—providing entrants had three weeks of coupons from the paper—was particularly successful.

The last chance for the London Daily News probably came at the end of last month when Mr Rupert Murdoch beat Mr Maxwell to the draw to buy Today, the loss-making newspaper founded by Mr Eddie Shah.

If Mr Maxwell had managed to complete his purchase of Today, the plan was to use the Today presses in Manchester and Birmingham to launch new dailies in those cities. Local news would have been added to core feature material from the LDN and costs would have been spread over three titles.

Instead, the LDN closure might give Mr Murdoch the opportunity to revive his London Post project, although News International said yesterday that with five national newspapers "we really have enough on our plate already."

Yesterday afternoon Mr Maxwell was receiving no calls and, uncharacteristically, turning down all television interviews before leaving, as he had come, by helicopter, for a weekend on his boat.

There was a further twist of the knife when Lord Rothermere's Associated Newspapers announced yesterday that Mr Maxwell and the London Daily News had paid a substantial sum to the Evening Standard over an allegation it had made about the Standard's circulation

Managers of unit trusts to be given greater scope to operate

BY ERIC SHORT

CONFIRMATION that unit-trust managers will be able to offer cash funds to investors came yesterday with the publication of the first draft regulations under the 1986 Financial Services Act.

The regulations are intended to expand the operations of the unit-trust industry and bring them into line with both the act and the EC directive for Collective Investment in Transferable Securities.

Authorised unit trusts should then be able to compete with other collective investment vehicles in Britain and Continental Europe on equal terms.

The Department of Trade and Industry's plans for unit trusts were described in a green paper nearly a year ago. They included expanding the investment powers of unit trusts, possible alterations in the unit pricing mechanism and introduction of borrowing powers.

The firt set of draft regulations is confined to mainly technical details of the present investment practice of unit trusts. However, some significant changes are being put forward.

One is the proposal for managers to run money-market funds and offer them to investors.

Although unit trusts are essentially equity and gilt investment vehicles, managers have felt the need for money-market funds within their product range to meet short-term investment requirements.

Managers will be able to invest in a wide range of money-market instruments — including cash and deposits and securities. There are rules to ensure a wide spread of investments and managers cannot give any capital guarantees

A second change is that the regulations permit both the use of feeder funds — one fund investing exclusively in another, —and funds investing in more than one other fund.

Feeder funds will also be allowed for personal pensions when those become operative

The third significant change is the proposal to give borrowing powers to unit trust managers.

Managers would be allowed to borrow up to 10 per cent of a fund's value, providing that equivalent amounts are due to accrue to the fund within a month.

The borrowing powers are provided solely to enable fund managers to meet short-term cash needs

Minor changes set out in the green paper include limiting funds to holding no more than 5 per cent of assets in one security and limiting to 10 per cent the amount invested in unquoted securities.

The regulations also allow the greater use of futures, options and currency instruments for hedging purposes within funds.

The regulations set out the duties of trustees regarding investment limits.

Authorised Unit Trust Schemes—Investment and Borrowing Powers. Mr J. G. Burgoyne, Financial Services Division, Department of Trade and Industry, Room 512, 10-18 Victoria Street, London SW1H 0HN. Free. Comments to the above address by September 25.

Lenders 'more cautious over creditworthiness'

By Christopher Parkes, Consumer Industries Editor

A SHARP RISE in inquiries at the Registry of County Court Judgments suggests that lenders are being more meticulous about checking creditworthiness.

While county court judgments for debts between £10 and £5,000 fell by 3.7 per cent in the first six months of 1987, requests for s earches rose by a third to almost 18,000.

"The growth in inquiries seems to be evidence of more stringent procedures by lenders," said Mr Malcolm Hurlston, chairman of the Registry Trust

The number of judgments is expected to increase in the second half. The January-June figures were affected by the 1986 figures, including judgments held over from December 1985. In addition, recent industrial action in county courts might have produced delays in registrations

"Given the increase in the volume of credit," Mr Hurlston said, "these figures give no evidence of any kind of debt crisis at this stage."

Peter Marsh looks at the freeze on civilian space spending

Big league countdown abandoned

Community bitter over previous lack of government enthusiasm

NEARLY 30 YEARS of effort by Britain's space community to climb into the big league in extraterrestrial projects came to a halt this week, perhaps for ever.

Mrs Margaret Thatcher's announcement in the House of Commons on Thursday ruling out any increase in Britain's civilian space budget, which stands at about £100m a year, was widely interpreted as confirmation that the country would in future play only a minor role in international space programmes.

The announcement came after nearly two years of ministerial deliberations over Britain's future in space exploration.

Officials at the British National Space Centre had advised ministers that the country's spending should increase by at least a factor of two over the next five years to enable Britain to participate in a range of international space projects, involving the 13-nation European Space Agency, the US, Japan and Canada.

Mrs Thatcher's decision will mean that the UK will play only a small part in plans by all those countries to develop a manned space station in the 1990s. Britain's role in ESA projects such as the development of an Ariane-5 heavy launcher and the Hermes mini space shuttle, is also in doubt.

Mr Sam Dauncey, a UK space industry consultant, called the decision shortsighted. He said it would "knock on the head" plans by the UK to have a leading role in the development of revolutionary new space launchers based around the Hotol (Horizontal Take-off and Landing) concept produced by British Aerospace and Rolls-Royce.

British Aerospace, which is heavily involved in satellites and components for launcher systems, said the announcement was disappointing.

The company rejected the idea, put forward by Mrs Thatcher in her announcement, that industry rather than government should shoulder the burden of financing future space projects.

Space technology was still not at a mature enough stage for industry to be the largest paymaster, the company said. None the less, British Aerospace was making "significant" investments in space.

Reactions to Thursday's decision among Britain's space community revealed traces of bitterness about previous governmental lack of enthusiasm for space projects, particularly those concerning Blue Streak, a UK rocket programme of the 1960s.

At that time, Britain was widely perceived as a possible leader in space launchers thanks to the country's work on Blue Streak.

However, Blue Streak was cancelled in 1971, and since then Britain's spending on space has lagged increasingly behind not only the US and the Soviet Union—the leading space powers—but also France, West Germany and Japan, all of which spend at least three times as much a year as Britain on extraterrestrial projects.

Mr Pat Norris, marketing manager of the space and defence systems division of Logica, a leading UK software company, said that it was "stretching credibility too far" to think that all those other countries were wrong about the importance of government financing of space projects and that Britain's approach was right.

Mr Geoffrey Pardoe, a former director of the Blue Streak project who is now managing director of General Technology Systems, a consultancy, said that the logic of putting government cash behind space programmes was indisputable.

"Other countries will pity us," he said. "We have a great deal of competence in space technology in Britain but we need the right kind of government framework for this competence to show through."

Battle expected over 'superpit'

By Maurice Samuelson

BRITISH COAL is bracing itself for a battle with local residents after formally applying yesterday for planning approval for a £400m "superpit" at Hawkhurst Moor, near Coventry

The colliery, hailed by British Coal as a mine for the 21st century, has attracted opposition by residents and environmentalists. The Environment Secretary is likely to order a public inquiry.

About 1,800 jobs would be created by the colliery, which would inject more than £200m into the local economy over the next 10 years.

HERALD OF FREE ENTERPRISE REPORT

BY KEVIN BROWN

Judge urges 'unilateral action' on marine safety rules

MR JUSTICE SHEENE devotes all of part two of his report—69 pages—to recommendations for changes in shipping policy, design and regulations.

The recommendations are in three sections: those the inquiry believes should be implemented immediately; those on which action should be taken in the near future; and those intended to stimulate longer-term discussion.

The report expresses confidence that the Department of Transport will take serious note of all the recommendations, and comments that it is "good sense" that some will not be implemented until there is international agreement.

The recommendations for immediate action are comparatively inexpensive, and "appear to be so emiently desirable that this country should take unilateral action by regulations affecting ships flying the British flag," it says.

The report adds that there is evidence of a need for changes in the basic design of roll-on, roll-off ferries, but that "it is not the function of this court to attempt to redesign the entire ferry fleet."

The short-term recommendations are mostly concerned with safety and include six crucial points.

The report says indicator lights should be fitted to all superstructure doors, as well as sea doors, and a check should be entered in the ship's log before sailing. Closed-curcuit television cameras should also be fitted to monitor vehicle decks and the condition of all doors.

Automatic draught reading equipment should be fitted under Department of Transport approval, the report recommends, and weighbridges should be considered immediately as a way of providing masters with accurate figures for freight weights on board ship.

To reduce risk to life in the event of an accident, the report recommends that self-maintaining emergency lighting should be fitted to all roll-on, roll-off ships under Department of Transport supervision. The design of escape windows should also be standardised, so that passage from either side is reliable and uncomplicated

The action Mr Justice Sheene considers necessary in the near future is largely of a technical nature intended to improve the stability of ferries and to give masters better guidance on safety tolerances, particularly when sailing with the bow low in the waterline.

The recommendations include a review by the Department of Transport of the stability rules and unloaded weights of all those which have not been checked in the past four years.

In regard to longer-term recommendations, the inquiry notes that ferries are, in essence, powered pontoons on top of which vehicles are carried. Their economic viability depends on speed and the carriage of large freight vehicles.

That has led to the provision of unobstructed drive-through decks, which are extremely efficient but which suffer because of lack of sub-division on a deck running the length of the ship.

Mr Justice Sheene notes that UK regulations are in advance of those operated elsewhere in the technical requirements for the behaviour of ships during flooding after an accident.

He points out, however, that that requirement does not apply to foreign-flag ships, and that there is a real possibility that some ships using UK ports may not comply with British regulations.

The report expresses concern that there has been no specific investigation of the safety of roll-on, roll-off ships by the International Martime Organisation, the United Nations agency concerned with safety at sea, and urges an urgent clarification of a conflict between IMO and other regulations.

It calls for an increase of about 3 ft in the height above the waterline of vehicle decks, and rejects claims that that would affect the commercial viability of ferries.

That is not the case, however, with transverse bulkheads, which would be constructed across the vehicle deck to divide it into several watertight areas.

"Such transverse bulkheads, if permanent, even with doors, could constitute a grave penalty against the commercial operation of a ferry for its primary purpose," says the report.

It says portable transverse bulkheads, which could be on the top or side of hinged doors, would also result in longer turn-round times and a small loss of stowage space.

The report calls, however, for a study of both types of bulkhead, and notes that either type could bring about a big increase in the safety of ferries.

"It is conceivable that arrangements could be developed to keep loss of space and vehicle handling time within acceptable limits," it says.

The report also points out that ships built before 1980 were subject to less stringent requirements relating to the bulkhead deck, the area below the vehicle deck where flooding is impeded by watertight doors.

It calls for "immediate consideration" to be given to phasing out vessels built before 1980 unless they can be modified to meet the more recent standards.

The report says such feries "may be substantially less safe than modern ships." If they do not meet the 1980 standards and cannot be modified, "a finite and short term should be put on their lives."

Lloyd's Register, the independent marine inspection society, said last night that there were 45 roll-on, roll-off ferries operating under the UK register that were built before 1980, plus a further 47 small ships operating very short routes.

Cranes pull the capsized ferry upright

Disaster investigation led 'inexorably' to faults high up in company

THE REPORT is heavily critical of management at all levels in Townsend Thoresen and makes several detailed comments on directors and others, as well as the seagoing crew of the Herald.

It says a full investigation of the circumstances of the disaster "lead inexorably to the conclusion that the underlying or cardinal faults lay higher up in the company."

The board of directors failed to appeciate its responsibility for the safe management of Townsend Thoresen ships and had no proper comprehension of what its duties were.

"All concerned in management, from the members of the board of directors down to the junior superintendents, were guilty of fault in that all must be regarded as sharing responsibility for the failure of management.

"From top to bottom, the body corporate was infected with the disease of sloppiness," the report says.

It adds: "The board of directors must accept a heavy responsibility for their lamentable lack of directions." Individually and collectively, they lacked a sense of responsibility, which had left "a vacuum at the centre."

Those charged with the management of the fleet were not qualified in marine matters and did not listen to the

Mr Young has been unwilling to accept figures given to him by no fewer than seven masters concerned about overloading of Townsend vessels, and had made "no proper or sincere effort to solve the problem."

The report says the court of inquiry took a serious view of such overloading, which was illegal and dangerous, and should not have been beyond the wit of management to prevent.

Mr Ayres, a naval architect and the company's technical director, was said by the judge to have been "verbose, rambling and misleading," and "a very unsatisfactory witness" who appeared incapable of expressing his thoughts with clarity.

Mr Ayres failed to answer a memorandum from a master suggesting the installation of automatic draft reading equipment, which could have overcome difficulty in ascertaining whether ships were overloaded.

The judge said he did not accept an answer given by Mr Ayres in evidence, in which he said the company had investigated the use of automatic draft reading equipment.

There was also criticism of other named Townsend managers, including Mr Jeffrey Develin, a director, who told the inquiry he had not been concerned about the ship sailing down by the head (low in the water at the bow).

The report says Mr Develin was a trained naval architect who should have appreciated the difficulties that might cause.

Mr Justice Sheene said Townsend shore management generally look little notice of the views of seagoing staff, and called attention to a series of flippant answers to memoranda from masters calling for bridge warning lights to indicate that sea doors had been closed.

The answers, from various managers, included: "Nice, but don't we already pay someone?" and "Do they need an indicator to tell them whether the deck storekeeper is awake and sober?"

The report comments: "If the sensible suggestion that indicator lights be installed had received, in 1985, the serious consideration which it deserved, it is at least possible that they would have been fitted in the early months of 1986, and this disaster might well have been prevented."

The report also notes that there was pressure on ships' officers to leave Zeebrugge early in order to provide more time for provisioning at Dover. It says that may have contributed to the tragedy.

The inquiry comments at length on several members of the crew of the Herald, and on Captain John Kirby, the senior master on the ship.

Captain Kirby twice warned the company about the consequences of using temporary officers, which led to a loss of continuity. But he failed to give clear and precise orders about the procedure for closing the bow doors.

The report says he ought to have appreciated the defects of the orders under which the ship operated, and must take his share of responsibility for the capsize.

Captain David Lewry, the master, must accept personal responsibility for the loss of his ship, the report says. He operated a defective system and took the Herald to sea in an unsafe condition, and in doing so was seriously negligent in the discharge of his duties.

The report says Mr Marc Stanley, the assistant bosun, accepted that it was his duty to close the doors, and that he had failed in his duty by falling asleep. The judge said he had no doubt Mr Stanley would suffer remorse, but pointed out that it was open to Townsend to discipline him if it wished.

Mr Justice Sheene said the court of inquiry had "a sense of unease" about the evidence given by Mr Leslie Sabel, the chief officer, and Mr Terence Ayling, the bosun, about events on the vehicle deck on the night of the tragedy.

There was a feeling that the whole of truth of events had not emerged. Mr Sabel said he had left the car deck when he saw an unidentified seaman going to the bow doors, and assumed the man would close them. Mr Ayling said he believed he was the last to leave the deck, but that Mr Sabel was responsible for supervising the closing of the doors.

The report says Mr Sabel knew it was Mr Stanley's duty to close the doors, and should have recognised him. He was seriously negligent in failing to fulfil his duty by supervising Mr Stanley, and that was the main cause of the tragedy. Mr Ayling had taken a narrow view of his responsibilities, which was most unfortunate.

The report makes clear, however, that Mr Stanley and Mr Ayling showed great courage during the rescue after the capsize. Captain Lewry and Mr Sabel were both seriously injured.

Ferry 'had doors open and went too fast'

THE INQUIRY report confirms that the immediate immediate cause of the Herald disaster was that the ship set sail with the inner and outer bow doors open.

That happened because Mr Marc Stanley, the assistant bosum, fell asleep in his cabin, and both Mr Leslie Sabel, the chief officer, and Mr Terence Ayling, the bosum, failed to check that the doors had been closed.

The report makes clear, however, that the mistake was compounded by the necessity for ships to be trimmed down by the head—lower in the water at the bow—to load in Zeebrugge.

That was because the berth used by the Herald was not designed for ships with two car decks, so that the bows had to be lowered for the loading ramp to reach the upper deck.

The normal practice was to sail from Zeebrugge at restricted speed to maintain stability while the ballast tanks were pumped out to bring the ship on to an even keel.

Like all Townsend Thoresen's Spirit Class vessels, the Herald had engines capable of accelerating rapidly, to minimise the time spent between ports.

On the night of the tragedy, Captain Lewry put the combinator settings at number six, rather than number four, and the Herald quickly accelerated from 14 knots to a possible ultimate speed of 18 knots. The combinator controls a ship's speed of acceleration.

The setting used by Captain Lewry is described as "strange" by the report, since tests on models and an experiment using the Herald's sister ship, Pride of Free Enterprise, indicated that at combinator setting six the bow wave would be "well up" the bow doors.

The report concludes that on the night of the accident, Captain Lewry did not follow the practice of restricting speed and that that led to an increase in the rate that water flowed through the open doors as the bows dug deeper into the sea.

The report concludes that there was confusion about which officer was responsible for checking that the bow doors had been closed, and that regulations laid down by the company had been regularly flouted.

There is also strong criticism of the system of negative reporting operated by the company, under which ships' masters assumed that their vessels were ready for sea unless specifically informed to the contrary.

The report says the system was unsatisfactory and Captain Lewry should have insisted on a report on whether the assistant bosun and chief officer had performed their respective duties.

Upgrading considered for Rhine army N-weapons

BY LYNTON McLAIN

THE Ministry of Defence is considering modernising the British Army of the Rhine's artillery capable of firing nuclear shells, each with a potential future explosive power equal to 2,000 tons of TNT.

Modernisation of Britain's battlefield nuclear weapons is a likely outcome of a "rationalisation" of the battlefield systems of BAOR in the next 12 months, Mr George Younger, the Defence Secretary said in a Commons written reply yesterday.

Sixteen eight-inch artillery guns will be completely withdrawn from the nuclear role. Resources will be concentrated on the 155 mm gun, of which more than 100 are already in service.

No decision on modernisation has been taken by the Government but a report will be made to the Commons, Mr Younger said.

Modernisation of the nuclear artillery is expected to involve the deployment of the powerful W-82 nuclear shell, to be produced in the US from next year. The shell is 20 times as powerful as its predecessor.

Mr Younger said the measures would cut the number of UK-assigned nuclear warhead stocks in Europe and save £55m in the next 10 years.

Nato is considering new nuclear weapon systems to maintain its policy of flexible responses, both to replace older nuclear systems and to counter the possible loss of Nato cruise and Pershing II missiles based in Europe, along with the scrapping of Soviet SS20 missiles, the missiles at the heart of the present intermediate nuclear force (INF) arms talks in Geneva.

The impending decision on the modernisation of BAOR artillery nuclear shells comes after a Nuclear Planning Group meeting of Nato defence ministers in Montebello, Canada, in 1983, when it was agreed to reduce Nato nuclear weapons by 1,400 warheads and carry out improvements to guarantee the effectiveness of the remaining stockpile.

The timing of Mr Younger's announcement angered opposition MPs as it came just before the annual recess of Parliament. Mr Martin O'Neill, a Labour defence spokesman, is to write to Mr Younger asking him to amplify his response.

Biotech shares trust grows

BIOTECHNOLOGY INVESTMENTS, the N. M. Rothschild trust specialising in biotechnology shares, continues to show steady growth in spite of the disturbances in share prices of new biotechnology companies this year.

BIL's net asset value per share increased 11.4 per cent during 1986-87, over a portfolio of 24 quotes and 28 unquoted investments.

The $46m (£28.7m) trust started by Lord Rothschild in 1981 has a net asset value of $154m according to its latest annual report.

The most serious disorder in prices occurred on the last day of BIL's financial year, when the US Food and Drug Administration unexpectedly decided not to recommend approval for Genentech's blood clot dissolving drug, tissue plasminogen activator (TPA).

That precipitated a sharp fall in the share price of Genentech, the undisputed market leader among new biotechnology firms, and an overall drop in the value of BIL's portfolio of about 3 per cent.

BIL's valuation advisory board in New York was asked whether, in consequence, there should be a markdown of the trust's unquoted shares. But they concluded that "no basic change has taken place in the biotechnology industry

Lord Rothschild, BIL's chairman, says such genetically engineered drugs as interleukin-2, superoxide dismutase, epidermal growth factor, erthropoietin and TPA, which will address main markets such as infectious diseases, cardiovascular disorders and cancer, "should continue to attract a high level of investor interest and several of BIL's investments are well placed to benefit."

The Genentech setback had generated a "feeling of uncertainty in the biotechnology world," but he did not think that would last, Lord Rothschild said.

Bank sets date for gilt-edged stock auction

By Janet Bush

The holding was placed with about 40 institutions by Cazenove, YTV's stockbroker. No single investor bought more than 5 per cent. Bass said it intended to invest the proceeds in its core businesses.

Despite the disposal, Sir Derek Palmar, Bass chairman, will continue as non-executive chairman of YTVV, a position he has held since 1982. He has a home in Yorkshire and has proved to be a popular and effective chairman, YTV said

Bass had been a large shareholder in YTV since the franchise came out from under the umbrella of Trident Television,

ECONOMIC DIARY

TOMORROW: President Castro peaks to the nation on Cuban National Day.

MONDAY: Quarterly house purchase finance statistics (second quarter). United Kingdom Atomic Energy Authority annual report. Professional Association of Teachers annual conference in Exeter (until July 31).

TUESDAY: CBI international trends survey (third quarter). Dealings in British Airports Authority shares start. Iranian Foreign Minister to address 40-nation UN disarmament onference in Geneva. National Westminster Bank interim results.

WEDNESDAY: Bricks and cement production and deliveries (second quarter provisional). London sterling certificates of deposit (June). UK banks' assets and liabilities and the money stock (June). Mrs Margaret Thatcher, Prime Minister, visits Paris for ratification of the Channel Tunnel treaty. Milk Marketing Board annual meeting. Industrial Society holds conference, Profit-related pay, at 3 Carlton House Terrace, SW1.

THURSDAY: UK balance of payments—overseas earnings of the City (1986). Energy trends (May). New vehicle registrations (June). Electricity Council and CEGB publish annual reports. ICI and Barclays Bank publish interim results.

FRIDAY: Engineering indices of production (May) and sales and orders (April).

Report deals with issues raised by TSB flotation

By Hugo Dixon

THE WAY in which building societies can shed their mutual status and turn themselves into public companies is set out in a consultative paper published this week by the Building Societies Commission, the industry's regulatory body.

The paper, which fleshes out the procedure drawn up in last year's Building Societies Act, focuses on what will happen to a society's reserves. That issue has become more important after the long legal battle over who owned the TSB's reserves in the run-up to its flotation last year. TSB was not a building society, but many of the issues are similar.

The commission's main proposal is that investors' rights to a society's reserves should be proportional to the level of their investment on the day the society announces its intention to convert to a public company.

If the society is becoming an independent company, the reserves will not be paid out immediately. They will be paid out only if the new company goes into liquidation. The size of the entitlement to reserves will fall if investors reduce the size of their investment following conversion.

If the society is being taken over by another company as part of the conversion plan, the idea is that investors will get their pay-out at the time of conversion. That proposal, however, was left out of the consultation paper in error.

The commission is seeking comments on the proposals by September 14.

Building Societies Act 1986: conversion to public limited company; Building Societies Commission, 15 Great Marlborough Street, London W1V 2AX; free.

Hurd urges faster prison building

MR DOUGLAS HURD, the Home Secretary, called for a speeding up of the prison-building programme yesterday to resolve the growing crisis in Britain's jails.

He said: "Part of the problem lies in the length of time which it takes to gain planning permission. The public think that building prisons is a good thing—except in their own patch."

Parents to override governors on council control of schools

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

PARENTS wishing their children's school to opt out of local authority control will be able to press forward with their proposal even if the school's governors oppose it, says a government consultative document published yesterday.

The opting-out scheme, under which the state-maintained schools can apply to be financed directly by central government, was first announced by Mr Kenneth Baker, the Education Secretary, in the run-up to the general election. His department has already received inquiries about the scheme from individual parents and governors of several hundred schools.

Although the application for centrally funded—or "grant-maintained" — status would have to be made by the school's governing body, pupils' parents could force the issue by circulating their own proposal.

If it were to be supported by parents representing a fifth or more of the registered pupils, the governors would have to hold a secret postal ballot on the issue. If most of the parents were in favour, the governors would be under a duty to go ahead with an application.

Once a school became grant-maintained, it would have to submit regular accounts and other "management information" to the Education Secretary, who would have power to stop its grant if dissatisfied with its performance.

Although such schools would be able to apply to go back under local authority control, they would probably not be allowed to do so for at least a decade after making the initial change. Nor would they be allowed to alter their character for instance, from comprehensives to grammar schools or *vice versa* — for several years after becoming centrally funded.

The consultative document says the scheme would be open at first to all secondary and primary schools with more than 300 registered pupils, but could later be extended to small primary schools.

Grant Maintained Schools. Publications Despatch Centre, DES, Honeypot Lane, Stanmore, Middlesex HA7 1AZ. Free.

Mercury and BT launch pagers

By David Thomas

BRITISH TELECOM and Mercury Paging have both launched a new range of pagers as competition continues to intensify.

The companies believe the new range is particularly relevant to workers in the City wanting information on prices while out of the office. The new pagers can carry more words on their screens and store more messages than existing models.

BT, which has about 85 per cent of the UK market, estimated at about 450,000 at present, is facing extra competition from Mercury Paging, a joint venture between Mercury Communications, a UK telephone operator, and Motorola of the US, which began it service in April. Racal is starting another paging service in April.

The pagers launched by BT and Mercury this week can display 32 characters at a time. The previous maximum was 16.

Mercury's pager can store 16 messages and BT's 40, although longer messages can be stored in the Mercury model.

BT's new pager uses a different signalling system from its existing pagers. BT says that will avoid the possibility of its system running up against capacity constraints in about 18 months time.

The paging industry is growing at about 25 per cent a year and Department of Trade and Industry forecasts suggest there might be 1m in use by 1990.

Reuters to offer teletext price service

BY DAVID THOMAS

REUTERS, the business information group, is planning to make some of its price information services available through the Oracle teletext service owned by the independent television companies later this year.

Reuters believes the service, its first use of teletext, will attract a different group of customers from those using its standard monitor-based service.

Reuters will issue foreign exchange, money and futures data from British and foreign markets over its service, to be called CityWatch. The service will also cover financial and sports news.

Initially, however, it will not carry equities and commodities prices or the background information available on Reuters' existing service.

Charges for the teletext service will therefore be cheaper than for Reuters' existing service, although Reuters has not yet set the rates.

Reuters has given the contract to operate the service to Air Call Teletext, a joint venture between Air Call, a communications company, and Oracle, which has a 25 per cent stake in the joint venture.

Air Call Teletext has concentrated on providing business information over teletext while Oracle has handled the consumer market directly.

Archer may start a new chapter in his life

Peter Riddell views the residual assets of the Conservative author

MR JEFFREY ARCHER has won, and won handsomely, his libel case against The Star. But that does not mean he is likely to resume his political career where he left it last October 26, when he dramatically resigned as deputy chairman of the Conservative Party. He will find it hard to make yet another political comeback.

Even though Mr Archer has been triumphantly vindicated by the result with damages of £500,000 plus costs, some of his own remarks during the case have reinforced the existing doubts of some politicians about his judgment.

His own admission that he had made a payment to the prostitute Miss Monica Coghlan without having ever met or had sexual relations with her was clearly accepted by the jury, as it has always been by his friends. But in spite of all the pressure and constant telephone calls Mr Archer faced before making the payment, the fact that he made it showed a certain recklessness, reflecting a combination of naivete and ambition.

Having returned to the heart of politics only a year earlier, Mr Archer wanted to make a success of the deputy chairmanship in the pre-election period. He no doubt believed he would be rewarded, possibly with a life peerage and a ministerial job in the Lords.

Consequently, he responded to the pressure not in the calculating way of most politicians, but impulsively. One close friend believes he acted like a character in one of his novels, slightly detached from reality, with a romantic picture of his own role.

Mr Archer has always been viewed with suspicion by mainstream Conservative politicians. He is too much the showman, liking fame too much. He is not seen as a serious figure.

Many Tory MPs were hostile to his appointment as deputy chairman in 1985, remembering the manner of his first departure from politics in 1974, when he was forced to leave the Commons because of the threat of bankruptcy after the collapse of a Canadian investment. They felt he would be, in the words of one senior minister, "a high-risk investment." That view was apparently underlined by a series of gaffes about the unemployed getting off their backsides and the like.

The other side of the picture is a considerable personal charm. He is an engaging and generous character, whom his friends tend to forgive, however outrageous he may have been.

In his nearly 14 months as Conservative deputy chairman, Mr Archer showed, to the envy of the more staid, that he was a formidable performer in lifting the morale of the Tory rank and file, and raising money for the party.

Later, during the general election, he visited well over 100 constituencies to rally the faithful with stirring, over-the-top speeches. And he has kept in touch with Mrs Thatcher.

One should never write Mr Archer off after his remarkable comeback in the late-1970s, when he became a multimillionaire with his novels. But even he may find it difficult this time to return to the centre of politics against the caution of the Tory establishment. His future may lie principally in being a not impecunious author, with a courtroom drama opening shortly in the West End.

GM to implement flexible working at Bedford plant

BY JIMMY BURNS, LABOUR STAFF

GENERAL MOTORS and the TGWU transport union are bracing themselves for a test of strength over the company's proposals for radical changes in working practices at the troubled Bedford van plant at Luton.

General Motors announced yesterday that it would implement the new working practices on August 14, even though it has failed to secure the agreement of the TGWU, which is the second largest union at the plant.

The TGWU last night described the company's initiative as "extremely provocative" and said its 456 members at the plant would refuse to work under the new regime when production resumes after a three-week summer break.

General Motors said that its decision was aimed at removing, prior to the start of the local holiday yesterday, any uncertainty that might have still persisted about the company's proposed joint venture with Isuzu of Japan.

The company said it had ruled out making any changes to the working practices as proposed by the TGWU. It believed that it had sufficient support for the new procedures, following a ballot in which workers at the plant voted in favour by 789 to 605 votes.

It also had the official agreement of the four other unions at the plant, including the AEU, the engineering union, and the EETPU, the electricians' union.

But in an interview with BBC radio, Mr Mick Murphy, the TGWU's national automotive official, said that the company was breaching an existing national agreement which covered the wages and conditions of the union's members at the plant.

Mr Murphy said the union had written to the company "pointing out the seriousness of the action and the far-reaching consequences that could stem from it."

He said: "If companies are seen to be disregarding agreements in this cavalier way then it is very difficult for them to criticise people on the shopfloor when they act equally irresponsibly."

The TGWU believes that the new package, including total shopfloor flexibility, team working, a radically simplified pay structure, the introduction of temporary workers and a works council is a fundamental threat to union organisation which could eventually lead to industrial anarchy.

Transport union chiefs warn on docks strike

By Jimmy Burns, Labour Staff

LEADERS of the TGWU transport union said yesterday that renewed attempts by employers to breach the National Docks Labour Scheme had reinforced the likelihood next month of a ballot supporting a national docks strike.

The warning came as the East Anglian Shipping Company in Lowestoft announced that it was deregistering from the scheme due to closure of its operations.

Mr John Connolly, the TGWU national docks secretary, said the company's move in the wake of the Clyde Port Authority's announced closure of the Greenock container terminal in West Scotland inceased the likelihood of casual work for docker.

He said: "The trend towards de-registration now appears firmly in place and establishes that the issue is not one of a local nature."

However, Mr Eric Hart, the East Anglian Shipping Company's director, said last night that there was "no question of reviving the temporary unattached register"—the industry's term for casual labour.

He said local union officials had accepted the company's reassurances that the eight dockers affected would be offered a choice of accepting severance pay to a maximum of £25,000 each, or alternative employment in the area.

Mr Hart said: "This has nothing to do with the events in Greenock. There are entirely different circumstances."

Ruling over NGA action reinstated

By John Gapper, Labour Staff

A RULING that about 50 printers employed on an evening newspaper in Wolverhampton dismissed themselves by taking industrial action over the use of new technology was reinstated by the Appeal Court in London yesterday.

The court allowed an appeal by the Express and Star newspaper group against a decision by an employment appeal tribunal that the printers, all members of the National Graphical Association, had been "locked-out."

The NGA was refused leave to appeal to the House of Lords against the ruling that the printers had been taking part in industrial action by refusing to allow the "single keying," or direct electronic setting, of advertising orders

The court found that the requirement to allow single keying was within the contracts of employment of the printers, although they had always refused to accept it

The matter was sent back to an industrial tribunal in Birmingham which originally ruled grounds that it could not be shown that the tribunal has erred in law.

Lecturers may escalate action over pay claim

BY DAVID BRINDLE, LABOUR CORRESPONDENT

COLLEGES AND polytechnics look set to face increased disruption in the autumn term, after the failure this week of an attempt to break the deadlock over lecturers' pay.

Natfhe, the lecturers' union which has been mounting an overtime ban over the past two terms, says it will have no option but to ballot its 77,000 members on stronger action including strikes and a boycott of all forms of student assessment.

Such a boycott could have a serious effect upon college-based vocational training courses, many of which are based on continuous assessment procedures.

Efforts to make college teaching more flexible, and thus attract more industrial training courses, lie at the heart of the pay dispute. The local authority employers are offering an overall rise of 9.3 per cent, backdated to April 1 and phased to cost only 7.1 per cent in 1987-88.

In return, they want big changes in what they describe as the existing "very generous" conditions of service enjoyed by lecturers.

In particular, the Labour-led employers want to quantify weekly teaching hours; initially they proposed a maximum of 22 a week, rising to 26 for up to 10 consecutive weeks to cope with short training courses. Now they say they may be prepared to agree to a general maximum of 24 hours, or 23 for existing staff.

Natfhe maintains the maximum would become the norm in many colleges, at least in the autumn and spring terms, and that the average lecturer would be teaching four or five more hours a week—not to mention the extra preparation and marking involved.

The employers have suggested a lower maximum of 20 hours (19 for existing staff) for lecturers teaching degree and post-graduate courses. But the union is wary of creating an elite staff tier in this way, fearing higher and further education being divorced from each other.

In addition, there is conflict over employers' proposals to introduce accelerated incremental progression through the pay scales on merit and to allow discretion in fixing starting salaries.

The employers made it clear yesterday that there would be little or no further movement on their part.

Ulster bank pay strike called off

Financial Times Reporter

STAFF AT the Trustee Savings Bank (Northern Ireland) have called off a strike threatened for next Tuesday following a new pay offer.

The Irish Bank Officials Association, representing the 500 staff, agreed to "suspend" the stoppage during talks arranged by conciliation officials of the Northern Ireland labour relations agency.

The union was seeking pay parity for TSB staff with employees of the four associated banks in Ulster. It is understood that the new offer represents an increase of 5.6 per cent on current pay levels.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday July 24 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs July 23 Index No.	Wed July 22 Index No.	Tues July 21 Index No.	Year ago (approx.) Index No.	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (212)	998.02	+0.7	6.87	2.73	18.22	21.21	990.89	996.51	1015.34	691.96	1038.07	16/7	696.73	2/1	1038.07	16/7/87	50.71	13/12/74
2	Building Materials (30)	1293.27	+1.0	6.88	2.65	18.12	15.55	1280.96	1294.52	1311.78	787.84	1381.08	16/7	860.39	5/1	1381.08	16/7/87	44.27	11/12/74
3	Contracting, Construction (33)	1836.30	+1.1	6.56	2.62	20.40	19.38	1816.70	1858.76	1890.50	1213.86	1951.50	16/7	1185.88	2/1	1951.50	16/7/87	71.48	2/12/74
4	Electricals (12)	2667.80	+0.9	3.64	2.91	22.87	36.58	2643.01	2631.59	2705.69	1798.50	2733.45	20/7	1772.22	2/1	2733.45	20/7/87	84.71	25/6/62
5	Electronics (35)	2162.25	+0.2	7.81	2.27	18.27	15.26	2158.58	2151.54	2208.20	1537.17	2236.70	17/7	1548.77	2/1	2236.70	17/7/87	1229.01	8/10/85
6	Mechanical Engineering (60)	529.91	+1.2	7.62	3.19	16.48	7.80	523.53	525.44	534.60	390.81	541.74	17/7	393.85	2/1	541.74	17/7/87	45.43	5/1/75
8	Metals and Metal Forming (7)	572.66	+0.6	6.79	2.75	17.77	6.86	569.35	577.79	586.63	335.56	589.02	15/7	355.97	2/1	589.02	15/7/87	49.65	6/1/75
9	Motors (14)	389.12	+1.2	7.77	2.75	14.97	3.42	384.66	384.65	395.08	288.82	406.20	16/7	272.03	2/1	406.20	16/7/87	19.91	6/1/75
10	Other Industrial Materials (21)	1634.90	+0.2	5.90	2.97	20.43	22.53	1630.66	1640.86	1663.94	1234.51	1712.49	16/7	1179.19	2/1	1712.49	16/7/87	277.55	15/1/81
21	CONSUMER GROUP (184)	1357.62	+0.5	5.83	2.58	22.00	14.33	1350.67	1351.95	1375.06	888.42	1406.32	16/7	950.87	2/1	1406.32	16/7/87	61.41	13/12/74
22	Brewers and Distillers (22)	1241.28	+0.5	7.56	2.87	16.65	11.77	1235.00	1232.27	1245.24	898.63	1269.35	16/7	938.04	2/1	1269.35	16/7/87	69.47	13/12/74
25	Food Manufacturing (24)	1046.56	+0.2	6.71	2.92	19.35	15.12	1044.11	1043.89	1059.76	651.33	1092.25	16/7	738.32	2/1	1092.25	16/7/87	59.67	11/12/74
26	Food Retailing (16)	2519.94	—	5.17	2.30	26.36	21.16	2521.03	2557.17	2608.29	1756.94	2649.96	16/7	1883.08	2/1	2649.96	16/7/87	54.25	11/12/74
27	Health and Household Goods (10)	2583.59	+0.8	3.91	1.55	29.88	15.11	2563.14	2579.92	2627.81	1499.15	2699.85	16/7	1645.70	2/1	2699.85	16/7/87	175.38	28/5/80
29	Leisure (31)	1427.37	+0.4	5.78	3.05	22.41	20.36	1421.94	1417.38	1439.16	874.57	1480.59	16/7	986.35	2/1	1480.59	16/7/87	54.83	9/1/75
31	Packaging & Paper (15)	716.79	+1.2	5.70	2.41	23.21	7.88	708.03	712.43	718.34	466.33	739.48	16/7	491.50	2/1	739.48	16/7/87	43.46	6/1/75
32	Publishing & Printing (14)	4468.81	+1.2	4.79	3.11	26.87	59.63	4414.59	4465.75	4494.69	2495.06	4564.69	17/7	2713.49	2/1	4564.69	17/7/87	55.08	6/1/75
34	Stores (36)	1129.63	+0.5	6.30	2.56	21.57	12.81	1123.57	1107.92	1138.17	845.73	1159.33	17/7	835.17	2/1	1159.33	17/7/87	52.63	6/1/75
35	Textiles (16)	828.90	+0.2	7.50	2.70	15.47	11.71	827.33	838.07	845.15	523.68	876.07	15/7	541.39	2/1	876.07	15/7/87	62.66	11/12/74
40	OTHER GROUPS (87)	1145.27	+0.3	7.55	3.05	16.54	11.86	1142.28	1149.52	1168.21	736.06	1192.30	16/7	815.89	5/1	1192.30	16/7/87	58.63	6/1/75
41	Agencies (16)	1739.58	−0.3	3.81	1.37	34.65	9.76	1744.56	1754.62	1764.35	0.0	1795.57	17/7	1111.16	2/1	1795.57	17/7/87	1111.16	2/1/87
42	Chemicals (22)	1423.51	+0.1	6.91	3.09	17.74	19.79	1422.53	1426.13	1446.26	933.77	1471.02	16/7	1002.01	2/1	1471.02	16/7/87	71.20	1/12/74
43	Conglomerates (12)	1465.25	−0.2	7.25	3.14	15.81	18.93	1468.65	1473.36	1510.12	0.0	1546.12	16/7	1112.14	2/1	1546.12	16/7/87	1112.14	2/1/87
45	Shipping and Transport (11)	2396.93	—	6.53	3.35	20.23	37.76	2397.26	2421.96	2463.05	1441.26	2497.85	16/7	1567.77	2/1	2497.85	16/7/87	98.80	29/6/62
47	Telephone Networks (2)	1119.52	+0.5	9.01	3.61	14.80	2.95	1113.48	1108.95	1130.01	741.46	1274.14	9/6	837.15	5/1	1274.14	9/6/87	517.92	30/11/84
48	Miscellaneous (24)	1638.67	+0.9	8.58	2.71	13.97	18.61	1623.47	1649.02	1687.18	1018.38	1715.19	17/7	1101.37	5/1	1715.19	17/7/87	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	1221.98	+0.5	6.56	2.71	19.26	12.80	1215.98	1220.29	1241.45	808.44	1268.86	16/7	860.46	2/1	1268.86	16/7/87	59.01	13/12/74
51	Oil & Gas (17)	2316.76	−0.6	4.72	3.99	27.41	37.29	2331.30	2336.66	2390.46	1185.90	2458.68	16/7	1505.69	5/1	2458.68	16/7/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1314.92	+0.3	6.28	2.90	20.16	14.94	1310.59	1315.07	1339.00	841.68	1369.88	16/7	915.61	2/1	1369.88	16/7/87	63.49	13/12/74
61	FINANCIAL GROUP (118)	855.90	+0.7	—	3.44	—	13.48	850.34	852.50	869.43	598.82	882.11	16/7	615.75	2/1	882.11	16/7/87	55.88	13/12/74
62	Banks (8)	878.91	+0.5	25.75	4.26	8.39	16.24	874.33	869.74	885.79	644.92	898.38	16/7	685.07	14/4	898.38	16/7/87	62.44	12/12/74
65	Insurance (Life) (9)	1127.56	+0.8	—	3.73	—	20.71	1118.63	1122.62	1157.12	843.88	1194.71	7/7	869.23	2/1	1194.71	7/7/87	44.88	2/1/75
66	Insurance (Composite) (7)	636.94	+0.2	—	3.84	—	11.76	635.63	644.51	659.26	487.91	664.97	20/7	456.52	2/1	664.97	20/7/87	43.96	13/12/74
67	Insurance (Brokers) (9)	1353.72	+1.0	7.94	4.80	16.22	26.32	1339.84	1352.29	1375.91	1199.77	1399.56	17/7	1089.71	14/4	1399.56	17/7/87	65.86	16/12/74
68	Merchant Banks (11)	495.84	+0.1	—	2.73	—	6.88	495.26	494.78	499.04	331.57	505.57	20/7	345.85	2/1	505.57	20/7/87	31.21	7/1/75
69	Property (46)	1296.99	+0.9	3.66	2.27	35.33	12.06	1284.80	1287.58	1316.20	772.13	1374.86	16/7	805.82	5/1	1374.86	16/7/87	56.01	20/4/65
70	Other Financial (28)	590.81	+1.1	5.63	2.73	22.36	7.17	584.59	588.91	594.49	339.71	603.48	16/7	365.01	2/1	603.48	16/7/87	33.29	17/12/74
71	Investment Trusts (92)	1124.66	+0.8	—	2.14	—	11.12	1115.34	1120.16	1132.76	744.59	1149.12	16/7	867.57	2/1	1149.12	16/7/87	71.12	13/12/74
81	Mining Finance (2)	631.17	−1.0	5.35	2.63	21.48	6.79	637.37	624.97	619.95	249.20	637.37	23/7	341.86	2/1	637.37	23/7/87	66.31	30/9/74
91	Overseas Traders (10)	1147.71	−0.1	7.87	4.09	15.06	23.27	1148.51	1167.59	1174.64	653.04	1197.23	17/7	778.26	2/1	1197.23	17/7/87	97.37	6/1/75
99	ALL-SHARE INDEX (722)	1192.66	+0.4	—	2.96	—	14.37	1188.19	1191.84	1212.95	769.93	1238.57	16/7	835.48	2/1	1238.57	16/7/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	July 23	July 22	July 21	July 20	July 17	Year ago	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX §	2346.9	+6.7	2353.3	2344.2	2340.2	2344.5	2390.5	2400.7	2428.7	1547.7	2443.4	16/7	1674.5	2/1	2443.4	16/7/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri July 24	Day's change %	Thurs July 23	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	122.76	+0.17	122.55	—	6.83
2	5-15 years	140.41	+0.05	140.33	—	8.09
3	Over 15 years	150.06	−0.02	150.09	—	7.25
4	Irredeemables	163.56	+0.11	163.39	—	7.27
5	All stocks	137.23	+0.07	137.13	—	7.57
	Index-Linked					
6	5 years	122.43	+0.01	122.42	—	2.57
7	Over 5 years	116.13	−0.01	116.14	—	2.08
8	All stocks	116.47	−0.01	116.48	—	2.03
9	Debentures & Loans	121.77	−0.05	121.83	—	6.17
10	Preference	88.23	—	88.23	—	3.49

	AVERAGE GROSS REDEMPTION YIELDS		Fri July 24	Thurs July 23	Year ago (approx.)	1987 Highs		1987 Lows	
	British Government								
1	Low	5 years	8.20	8.21	8.20	9.78	2/1	7.52	11/5
2	Coupons	15 years	9.22	9.21	9.21	10.08	2/1	8.53	8/5
3		25 years	9.24	9.23	9.23	10.08	2/1	8.55	8/5
4	Medium	5 years	9.31	9.35	9.54	10.80	2/1	8.39	8/5
5	Coupons	15 years	9.46	9.45	9.53	10.39	2/1	8.74	8/5
6		25 years	9.46	9.45	9.53	10.18	2/1	8.75	8/5
7	High	5 years	9.46	9.50	9.72	10.84	2/1	8.58	8/5
8	Coupons	15 years	9.60	9.58	9.69	10.57	2/1	8.86	8/5
9		25 years	9.35	9.35	9.54	10.24	2/1	8.72	8/5
10	Irredeemables †		9.05	9.09	9.21	10.06	2/1	8.67	8/5
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	2.55	2.54	3.86	3.95	2/1	2.03	20/5
12	Inflat'n rate 5%	Over 5 yrs	3.77	3.77	3.55	3.87	2/1	3.30	6/4
13	Inflat'n rate 10%	5 yrs	2.32	2.29	2.57	2.57	16/4	0.85	24/3
14	Inflat'n rate 10%	Over 5 yrs	3.73	3.72	3.39	3.78	2/7	3.17	27/3
15	Debs &	5 years	10.31	10.30	10.04	11.46	2/1	9.46	12/6
16	Loans	15 years	10.31	10.30	10.40	11.30	2/1	9.79	23/3
17		25 years	10.31	10.30	10.47	11.30	2/1	9.84	23/3
18	Preference †		10.29	10.29	10.87	11.83	2/1	10.05	22/6

§ Opening index 2350.3; 10 am 2349.0; 11 am 2344.9; Noon 2346.5; 1 pm 2348.8; 2 pm 2350.5; 3 pm 2348.2; 3.30 pm 2349.0; 4 pm 2349.4.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 32p.

CONSTITUENT CHANGES: Stone International (4) has been deleted. Caradon (2) and St. Mauden Properties (69) have both been inserted.

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A touch of vertigo

THE WOBBLES in the London market this week and the quite extraordinary gyrations in Tokyo may be the signal for a new phase in the markets. The bull phase has been so long sustained that some new investors can scarcely imagine anything else; but yields are now so thin and prices discount so much hope that investors are bound to suffer occasional fits of vertigo.

However, the money flows which have sustained the markets world-wide have not dried up; so this bull market might end not in the traditional major correction, but in a bumpy, uncertain movement. Investors' state of mind will not in these circumstances be too different from that of the world's economic policy-makers: worried alternately about sluggish growth and inflation, they dither. At bottom both are contemplating the set of problems which has given a new word to the language: stagflation.

The word has not been heard very much in Britain recently, since the UK economy is growing a good deal faster than usual at present. This has provoked the habitual worries about wage inflation and the balance of payments. However, ministers are a great deal less worried than investors and their opposite numbers in more sluggish countries must sometimes secretly wonder how one sets about catching this new, benign version of the British disease.

Ministers can relax because the British economy is at present pretty well balanced, both internally and externally. Most of the main components of demand — exports, investment and consumer spending— are growing at about the same rate as national output. Public spending is growing a bit slower, or at least is intended to do so and imports probably a little faster.

Buyers' markets

Few others are as happily placed. The US, Japan and West Germany all have enormous external imbalances which they are striving to reduce. These efforts unfortunately seem to hamper growth both in the surplus and the deficit countries. Massive structural change is never easily achieved, as Japan is finding; yet where necessary decisions are delayed, as in the US and West Germany, confidence in undermined.

The huge international monetary flows which dominate the securities markets are the expression of these persistent imbalances. The normal image of Japanese money roaming the world in search of investment opportunities is at best a half truth; other surplus countries, and individual and corporate savers in all countries, add to the flood.

Since they want to acquire assets for the future, it is asset prices of every kind rather than goods prices which are being inflated. Investors are right to be worried about such liquidity-driven markets, which are readily carried into an unrealistic stratosphere; but the process does have an economic function.

High portfolio profits encourage consumption. They also mean that corporations can raise capital cheaply and this sustains some real investment in a world of buyers' markets. This sounds like a benign and even enjoyable process, and so many people have been finding it; but there is one spectre at the feast. There is no need to be a doctrinaire monetarist to suspect that inflation can not for ever be confined to the financial markets.

Nervous reaction

This is the fear which has ended the world-wide fall in interest rates and caused some of the worst of the recent bouts of vertigo; and it appears well-grounded, at least in the weak-currency English-speaking countries. Indeed, it may even be said that the US and to a lesser extent the British governments chose to risk some renewed inflation to solve other problems.

Both have sought to improve their competitiveness through currency depreciation; a rise in prices, which cuts real incomes, is a necessary part of that adjustment; a rise in interest rates is simply an effort to prevent a necessary steep adjustment from generating a vicious spiral.

What is rather less rational is the renewed worry about inflation in the strong-currency countries. Japan has traditionally been able to live with quite rapid domestic inflation, thanks to the equally rapid growth of efficiency in her exporting industries.

Sluggish growth is an uncomfortable new reality, however, and growth opportunities even for exporters are limited. That may explain the nervous official reaction to the recent strength of oil prices — although this is much more a reflection of worries about the Gulf than of the state of world demand.

West Germany's worries are much more doctrinaire. The support operation for the dollar has inflated the West German money supply, as has happened is past dollar crises; but although this is almost as irresistible as a rising tide, it is worrying not only the central bankers, but an influential part of public opinion.

Ralph Atkins explains how creative accountancy has helped bring some councils close to financial crisis

Pawning the future

A TIME BOMB is ticking away in some of Britain's town halls and if it is not defused soon, it could shake the foundations of the local government finance system.

The explosive is a mixture of confusing rules and stark ideological differences between central government and some local authorities. The timing mechanism has been triggered by the increasing use of "creative accounting". to enable local government spending to rise in the face of tight Government controls.

"A few, probably less than 10, councils will find it difficult to make ends meet next year. Some may even find problems in this financial year," says Mr Howard Davies, controller of the Audit Commission, which monitors local government.

Indeed the Government's tough attitude to council spending, shown in Thursday's rate support grant announcement for 1988/89, may have shortened the fuse in several town halls. By how much and with what consequences is yet to become clear.

Creative accounting, a term disliked in local government circles, describes the devices used to get around the Government's restrictions on capital and current account spending. Although sometimes construed as implying that authorities are in some way circumventing the law or acting irresponsibly, the techniques are mostly legal and only a few councils have used them to an extent that would be considered imprudent by a private company.

How much creative accounting has been used in the past is impossible to measure because, by definition, there is an incomplete record on council balance sheets.

Mr Peter Morley, of stockbrokers Phillips & Drew, which has helped authorities set up these schemes, suggests an upper limit of £5bn for the total raised over the past 15 years. This is still small in comparison with Central Statistical Office figures showing local authorities owning tangible assets valued at £149bn, in 1985, and having net financial liabilities of £38bn.

But on a micro level the picture is different. A number of authorities have debts exceeding £100m and at least one, the London Borough of Islington, has debt in excess of £1bn.

Lease-back and deferred purchase deals have been used by authorities in all parts of the country. But some, particularly in London, are now considering selling council property in lease-back deals on an unprecedented scale, and on terms which some fear could place a stranglehold on budgets.

Islington, for example, plans to sell property, including its town hall, valued at £250m. Brent hopes to arrange a similar size deal involving a library, council offices and schools. Camden plans to raise £10.4m this year for capital spending in a lease-back deal, including the sale of parking meters and street lamps.

As the appetite of councils is whetted and the Government tries to block loopholes, the accounting devices become more sophisticated. "We now have a second generation of creative accounting techniques invented by City whizz kids," says Mr Tony Travers, a specialist in local government finance at the London School of Economics.

The use of creative accounting has grown rapidly under legislation introduced by the Conservatives since 1979. In 1980, the Local Government Planning and Land Act introduced limits for capital spending and a formula for calculating a council's grant according to its needs.

In 1984, the Government added to its armoury by introducing rate-capping—placing a ceiling on revenue from rates for authorities which are judged to be spending excessively. In addition, once a council spends more than the level set by Whitehall, its grant is cut and the more it spends, the more grant it loses.

It is hardly surprising then, that even councils broadly in sympathy with the Government have used creative accounting to get around the spending restrictions.

Mr John Blundell, under-secretary of finance at the Association of District Councils, which represents mainly Conservative authorities, says: "What these councils are trying to do is to improve their services, to improve management and provide what the local electorate want."

The problem has been exacerbated because the Government's commitment to financial restraint has conflicted with the spending objectives of several Labour authorities.

Perhaps the loans have been too easy to obtain. City institutions assess lending on what it means for them. It is not in their interest to point out to an authority that a scheme is short-sighted. The problem is that many authorities are building up huge liabilities for future years.

When — or if — the time bomb will explode, however, remains a matter for dispute.

Mr Peter Morley, of Phillips & Drew, argues that the loans are secured by large council assets and, under existing legislation, the Government would step in before the situation deteriorated too far. "A default would be disastrous. I am saying that it would not happen."

Warning lights are flashing at one or two town halls. The London Borough of Haringey, in one of the poorest parts of north London, has received an ominous "public interest" report from the District Auditor, Mr Harold Stockdale. It describes the council's financial position as "extremely serious and deteriorating" and particularly criticises the use of interest rate swaps (explained below) on £180m of debt.

"There is a real risk that unless the council brings its forecast future revenue expenditure and resources into balance, the gap will become so large that it will be impossible to produce lawfully balanced budgets," the report says. Earlier this month, at a four-hour extraordinary meeting of the full council, amendments to the budget—proposed after the auditor's report—were rejected following a split in the controlling Labour group. The council is attempting to put together another package to satisfy the auditor.

In Camden, a leaseback deal to raise £5m for revenue spending, involving the sale of council buildings, fell through last month, leaving a budget gap of £11m. The council has now banned the filling of non-essential vacancies; is reducing overtime payments and has instructed its officers report on opportunities for the outright sale of council properties.

Islington Council also faces serious problems. On the capital account, its debts could be rolled over still further — backed by its asset base—but it may find it increasingly difficult to fill the growing gap between current revenue and spending. Yet Ms Margaret Hodge, council leader, disputes claims that the authority has been shortsighted and irresponsible, saying the finance system makes it impossible to plan ahead.

"You cannot even plan year by year. You plan as they change the rules. It is a dreadful and wasteful system," she says.

In Brent, Ms Sandra Ernstoff, chair of the finance committee, says the council has used creative accounting simply to defer the effect of grant cuts. But in the next few years the between income and spending may become insurmountable. "It may be so bad that we cannot balance the budget."

What happens in such circumstances is unexplored territory.

Two years ago, 47 Liverpool councillors were surcharged a total of £106,103 and banned from office for five years for failing to set a rate. Although this was not a test case for creative accounting, it illustrates the powers the Government has at its disposal.

But for the moment the Government is playing a waiting game. It says it is the role of the district auditor to draw attention to the financial problems of individual authorities. Then it is up to each council to sort itself out.

Repeatedly, ministers have said there will be no blank cheques to bail out councils; and have sought to make clear to City institutions their disapproval of schemes incurring a heavy future financial burden for authorities.

To many who work in local government, the underlying solution is self-evident—a reform of the local authority grant system. But, given an already heavy programme of local authority legislation, the Thatcher Government is unlikely to find either the time or sympathy for such an approach.

Creative accounting may be legal, but the local authorities who have most indulged in it can be under few illusions that if it leads them into full-blown financial crisis, the Government will be inclined to send in the bomb disposal experts.

The not so trivial pursuits of council treasurers

THE LOCAL government finance game is a test of intelligence and ingenuity.

The aim is to maximise your council's spending on services while side-stepping central government grant penalties aimed at controlling it.

The winners are the council treasurers who use creative accounting to increase their spending furthest beyond revenue expenditure targets or capital allocations set by the Government.

But if your council increases its spending too much, the Government will bring in ratecapping—limiting the amount you can raise from rates. This adds a new dimension to the game.

The race is on to set up fancy financing schemes before the Government closes loopholes in the complex local government finance legislation.

Here are a few of the tricks council treasurers have up their sleeves.

● Leaseback. Sell off council properties—the town hall, schools, art galleries—to a private company to raise a lump sum. This can be invested and the interest earned used to supplement current spending. Then lease-back the properties, structuring repayments so relatively little is paid in the first few years.

Manchester City Council, for instance, is using this device to raise £14.6m in the 1987-88 financial year. It is selling £200m of properties—including an art gallery and abattoir—to a company owned by the council. The buildings will be leased back under a 20 year lease, with the first two years rent free.

● Leasing. Not very original but there is still potential for councils to use this device more.

Payments under leasing arrangements come under current spending. So by leasing computers, instead of buying them under a capital programme, councils can provide more equipment while still meeting capital allocations.

● Barter. The principle is the same as in a prehistoric economy. For example, a piece of council land is given to a developer on condition he builds the authority a leisure centre on part of the site. The developer gets the remainder of the land for his own schemes and the council gets a new leisure centre without encroaching on its capital allocation.

● Capitalisation. What is defined as capital expenditure is a grey area. Many authorities are taking housing repairs and renewals into their capital programmes, reducing current spending and avoiding penalties for overspending.

● Debt rescheduling. At a simple level this puts off repayments, reducing debt charges. At a more sophisticated level there are interest rate swaps — a technique used to refinance £180m of debt by the London Borough of Haringey.

Arrangements to repay debt at a fixed interest rate are swapped for variable rate repayments. By gambling on interest rates falling, councils are able to take the profit early—yielding revenue for current spending.

Man in the News

John Fairclough

A plain Mr for Maggie's man of science

By David Fishlock

JUST A WALL—but no door—separates John Fairclough's desk in the Cabinet Office from that of the Prime Minister in No 10. How slight a barrier that wall has proved is a measure of the success this forthright Yorkshire engineer has enjoyed in selling Margaret Thatcher a radically new policy for apportioning the nation's research and development resources.

Traditionally, the academic science community has seen the post of chief scientific adviser to the government as its own voice in the Prime Minister's ear. Invariably the incumbent has been a Fellow of the Royal Society, the institution representing teh nation's scientific elite.

Fairclough, 56, is an electrical engineer—"plain mister" and unreservedly proud of it. "My background is making money out of technology." He refuses to use the honorary Doctor of Science degree academe has bestowed. Likewise, when loaned to Whitehall by his company, IBM (UK), last year he refused to take a civil service rank. He remains just what his title says—an adviser—with freedom, as he puts it, "not to get buried in Whitehall hierarchy."

This doughty new "Whitehall warrior," married with two sons and a daughter, has a big reputation as a successful manager of high technology. At 34 he was made laboratory director of IBM's new development centre at Hursley, Hants. He has spent almost all his career with IBM, where he managed major development centres in the US and Britain, before his appointment in 1983 to the dual role of director of manufacturing and development of IBM (UK) and chairman of IBM (UK) Laboratories. Between them, these posts gave Fairclough responsibility for 6,500 people.

Fairclough's reputation for plain speaking is tempered both by a winning grin and an uncommon ability for explaining technical intricacies in everyday language. If he has still to win over the academic world, he has made a good start with Sir George Porter, president of the Royal Society, and Sir David Phillips, chairman of the Advisory Board for the Research Councils.

Fairclough was head-hunted for the post of CSA by his predecessor, Sir Robin Nicholson, a metallurgist now on the boards of Pilkington and BP. Nicholson forged a relationship with Mrs Thatcher that was probably closer than any since the wartime friendship of Churchill and his CSA, Lord Cherwell. The Prime Minister accepted his advice that Fairclough should succeed him, and IBM granted Fairclough two years' leave of absence from May 1986.

Fairclough himself was aware of the frustration besetting the Prime Minister in regard to British science and the evident failure of industry to take advantage of a brilliant history of winning Nobel Prizes. For a decade, as IBM (UK's) top technical man, he himself had been striving to lower the barriers between science and commercial design and manufacture. Latterly, as a member of Acard, the Advisory Council for Applied Research and Development, he had come to see it as a national problem from which no industry is immune.

Acard's plan, sold to Mrs Thatcher by John Fairclough and outlined in the White Paper this week, is to pump substantial new funds into British science through a new mechanism divorced (and indeed isolated) from the present university machinery through which much academic science is funded. The heart of the scheme will be several dozen new research centres on university campuses specialising in potentially exploitable areas of science and funded and staffed at a level which gives them a fair chance of competing internationally.

The Government, right up to the Prime Minister as chairman of a cabinet committee overseeing civil R and D, will take a hand in deciding which are potentially exploitable areas.

To support this plan, Acard is to metamorphose into Acost, the Advisory Council for Science and Technology, advising government on the whole science scene, but still reporting to the CSA. Acost will be backed by its own think-tank, the Centre for Exploitation of Science and Technology, at a university.

For Fairclough, however, the White Paper is just "the end of the beginning." This year he has won two important battles in Whitehall: first, to curb the ever-expanding call of defence on the nation's R and D resources; and now to persuade the Prime Minister to have the final say in what R and D is done. He also believes he has won the support of the Lords' select committee whose highly critical reports in 1982 and this year have highlighted the national R and D malaise.

The new machinery will work only with wholehearted backing from the nation's top scientists and the provocative discussion paper published this week by the Advisory Board for the Research Councils shows that Fairclough must be very persuasive indeed if the dons are to support and not stifle his initiative.

He also needs the full backing of the Department of Trade and Industry. He hoped that it might have produced this week a constructive critique of national technology corresponding to the paper on science. But the DTI is not well organised to be the champion of technology. "It's a much more difficult job than being champion for science," he says.

But the biggest challenge of all will be to persuade industry to increase its spending on R and D. There is simply no magic solution to this, says Fairclough. It requires much more "patient money" than the City seems willing to make available at present.

In other words, it will still be a long haul to convert British industry to the idea of paying much more for innovation. But John Fairclough is putting his faith above all in the choice of exploitable areas of science by the new machinery, and their intrinsic appeal to companies with the will to compete internationally.

A buoyant BP sails for the open seas

Britain's biggest corporation has turned its best profile to the light. **Max Wilkinson** reports

WHEN British Petroleum's urbane and witty chairman, Sir Peter Walters, assumed office six years ago, he set himself three objectives, and this week he achieved the last two. So, what now?

These two landmarks in BP's history, reached on a single day were: the consolidation of its position as a major integrated force in the US, and the confirmation that it will soon be cut loose from the Government's 31.7 per cent shareholding.

The Government's share sale cleverly combined with a £1.5bn rights issue by BP, will create an unprecedented opportunity for small investors, when about £8bn of BP stock comes on the market this autumn, by far the largest offering for any private company outside Japan.

It is not surprising, therefore, that Britain's largest corporation, and now the world's third largest oil compnay is turning its best profile to the light. And it has some impressive achievements to show.

The first of Sir Peter's three tasks which he described at a press briefing in the US headquarters in Cleveland, Ohio, on Tuesday—was to eliminate loss-making refineries and to build up the group's liquidity. This was essentially completed two years ago. The £1bn a year losses from European refining and marketing in the early 1980s have now been turned into profits, though BP must keep up a strong pace to maintain its position among the leaders.

Without this success in rationalising the business and building up a strong cash flow Sir Peter would never have been able to achieve such a smooth merger with Standard Oil of Ohio this year.

The $7.9bn purchase of the 45 per cent of Standard which BP did not already own was completed with remarkably little fuss last month. Then, on Tuesday the company announced a new structure which integrates all the North American operations, and makes them part of the 10 business sectors run from Britannic House near the Barbican.

The next item on Sir Peter's agenda will clearly be to eliminate the creaky joints which are bound to appear over the coming months in his new management machine. At the same time he will want to prune his debt back to a "comfortable level," preferably by the end of the year — the acquisition of Standard pushed the debt equity ratio up to about 44 per cent from a little under 30 per cent.

In the first task, Sir Peter will lean heavily on the talents of Mr Robert Horton, who moved last year from a senior executive position in London to head Standard and now BP America.

Horton, a man of apparently boundless energy and matching ambition, has enforced the changes at Standard with a drive and rumbustious humour which is said to have done much to restore the flagging morale of the company.

Horton exudes breezy competence in his office at the top of the new Standard Oil tower overlooking Lake Erie. His "credenza" shelf, which most American executives use for mementos, trophies and photographs of Jimmy Carter shaking their hand, is filled with a bank of computer terminals.

It must be a terrifying sight for any hapless executive a bit dodgy on his facts. But there are not many of them left after an upheaval which brought some 80 senior managers into new jobs in the past year.

Horton's talent for rationalising has been coupled with the highly imaginative financial management of Mr John Browne, first in London and then in the US. BP's financial adroitness was once again emphasised last week by the ingenious way in which the £1.5bn rights issue was tagged on to the Government's share offering.

This rights issue will enable debt to be reduced to Sir Peter's "comfortable" level of something over 30 per cent of equity by Christmas. The rationalisation of the US operation, which brings an immediate pay-off in reduced taxation as well as the longer-term efficiency gain, will enable the enlarged BP to pay off remaining debt rapidly if it wants to. A following wind from higher oil prices would have a particularly big effect on BP because of its large production in the North Sea and Alaska. A $2 per barrel rise in the oil price increases its Alaskan gross crude revenues by some $450m.

So Sir Peter's three-pronged strategy (helped by good tactical play) has certainly put BP in good shape—but to what end? The consolidation phase is now almost over, and BP finds itself third in size and financial strength behind Shell and Exxon in the oil sector.

Of the three, Shell is positioning itself for long term expansion, acquiring oil reserves at the rate of $1bn a year and proudly proclaiming the virtues of exploration even while the oil price was collapsing last year. By contrast, Exxon has been concentrating on profitability by selling unproductive assets, reducing staff, and liquidating its capital base by a $7.6bn share buying programme.

For Sir Peter, Shell and Exxon have both been explicit models. As he said this week, their integrated capital and management structures produced an effectiveness which BP needed to match.

It is likely he has also been eyeing the enviable oil and gas reserves of both companies, since BP is rather heavily dependent on two large oilfields which are both starting to run down. A major corporate study by BP two years ago *identified the problem;* an industry of slow growth and depleting reserves, oil was becoming harder to find.

The dilemma, Sir Peter says, was whether or not to use BP's new financial muscle to diversify. In spite of successful ventures into animal feeds and advanced materials, he has decided that BP must stick to businesses where it knows it has a competitive advantage. That means oil and its products.

"There are few if any businesses that we are not in today. that will now attract us," he says. Yet, attractive take-over targets in the oil industry have also been scarce. That is partly why BP decided to spend its money on Standard—which it already controlled—and thus effectively contract the equity base of the combined business in spite of the rights isue.

In the longer term it will be looking closely at ways of exploiting its large Alaskan gas reserves by converting them directly to petrol, and of using other exotic technologies which oil companies hope will keep them busy when oil starts running out in the 21st century.

Meanwhile, BP will be looking for "opportunistic acquisitions" across the spectrum of its operations, and trying to expand to areas of high growth (and higher risk) like South East Asia and Latin America.

It's a question of having plenty of cash ready and keeping your eye on the screens.

The benevolent hand of the Ayatollah

Nora Boustany on how Iran is creating a state within a state in Lebanon

"*LEBANON is the child of Iran,*" says Akbar Mahaki, the Iranian doctor running the Imam Khomeini *hospital* in the arid and dusty central Lebanese town of Baalbek.

It is not hard to see what he means. A young nurse, wearing a long white tunic and tightly bound scarf, sits *idly* at the hospital entrance humming to a tape of rhythmic Persian chants. Beyond the main gate, bearded men and shrouded women flit furtively through the dimly lit corridors. Across the street, colourful murals and Iranian flags flutter, indicating a centre for Iranian revolutionary guards.

The hospital is part of a growing network of social, educational and religious services being set up by the guards, with affiliated welfare organisations to help the once deprived and neglected Shi'ite community. There are estimated to be about 1.2m Shi'ites in Lebanon.

According to Shi'ite security officials in Beirut, Iran is spending close to $5m (£3m) a month in Lebanon. The money is used not only to finance the Islamic resistance movement and Hizbollah, the rapidly growing Party of God, but to "alleviate the pain and burden of martyrs' families and underprivileged citizens." In effect, in the absence of proper government institutions, Lebanon is witnessing the creation of yet another mini-state.

Sheikh Chawki Kanaan, one of the administrators of the martyrs' foundation, a welfare organisation in Baalbek, says Iran is sponsoring some 400 families in the Bekaa valley alone. Created on the orders of Iran's Ayatollah Ruhollah Khomeini in 1982, the institution subsidises vocational learning centres and exhibitions; organises summer camps and field trips to holy Islamic shrines in Lebanon, Syria and Iran; and compensates families living in war-damaged houses in south Lebanon and the Bekaa.

Schools, pharmacies and bakeries have been set up in the once predominantly Christian town of Machghara in the western Bekaa, 60km south-east of Beirut. Residents in this town of neat stone houses and gurgling mountain springs say Hizbollah officials have been buying up the homes and lands of Christians, who were driven out after a confrontation between the pro-Iranian group and leftist parties in the spring of 1986.

"For the future, we are thinking of building factories and starting up dairy farms in the area," Sheikh Chawki says.

The Iranians' presence is aimed at creating a bond with the Lebanese. "If there is any kind of resentment at their presence, it is covered up with money," comments a Lebanese Shi'ite politician from Baalbek.

"Their obsession is weaving themselves into the social fabric and the cultural and religious frame of reference of the Lebanese," says the western-educated son of a prominent Lebanese official.

Sheikh Murtada al Najafi, the Shi'ite cleric of Machghara, who hails from the Iraqi Najaf area and is a graduate of religious schools in Iran's holy city of Qom, describes the nature of ties between Shi'ite Moslems and Iran as "emotional and belief oriented."

Sheikh Murtada stresses the strength of the ideological link between Lebanon's Moslems and Iran, and points out that the Iranian role has taken precedence over that of the moderate Shi'ite Amal movement. "While the militias have to beg, Hizbollah has a state backing it with resources such as oil." The founder of Amal, Imam Musa al Sadr, who went missing in 1978 during a visit to Libya, "planted the Islamic movement in fertile ground and they came to reap the fruits and harvest it. Everything that is now the property of the revolutionary guards is derived from the Islamic movements that preceded them," says the soft-spoken Sheikh.

He and Shi'ite security officials in Beirut, as well as western intelligence officials, say Lebanese men have been going to fight for Iran against Iraq. "They are isolated cases based on personal conviction and motivation," says Sheikh Murtada, disclosing that a number of men from Machghara are training in Iran. Shi'ite sources claim that some Lebanese have been taken prisoner in the Gulf War.

"We are ready to defend Iran in the same way that we defend Lebanon and all Moslems, wherever they are. The Islamic nation is one and Imam Khomeini is our leader. We are responsible for carrying out his orders across the world," says Mohammed Bjeiji, a Hizbollah officials in Machghara.

There are an estimated 500 revolutionary guards in central and south Lebanon, involved in recruitment, military training and mobilisation efforts that help further the aims of the Iranian revolution.

Linked directly to the Iranian diplomatic mission in Damascus and ambassador Mohammed Hassan Akhtari, the revolutionary guards operate two military bases near Baalbek and assist in the preparation of suicide missions against Israeli soldiers and their allies in south Lebanon. Last month, a number of guards started filtering down to south Lebanon, following restrictions by the Syrian army on their freedom of movement after the abduction of American newsman Charles Glass in a Syrian-controlled aera south of Beirut.

Hizbollah, which has a 12-man consultative council of clergymen and leaders, has expanded its membership and is said to be gaining ground over Amal. The Party of God, which is believed responsible for the abductions of most foreigners in Lebanon, also has direct links with the Iranian ambassador in Damascus.

Incensed by Hizbollah's challenge to its authority in Lebanon, Syria recently dispatched to Beirut Col Ayyad al Mahmoud, its former acting charge d'affaires in Tehran, to assist in keeping tabs on Iranian activity.

But for a few Syrian checkpoints at the entrance of Machghara and Baalbek, where the revolutionary guards and Hizbollah are most active, there are no outward signs of friction with the Syrian army. Residents in both towns say the Iranians are being cautious in their movements, using short cuts between villages and avoiding Syrian roadblocks. "They operate in total secrecy and in hidden ways. They are extremely disciplined in doing that," Sheikh Murtada says.

In Baalbek a few years ago, Iranians could be seen shopping and mixing with the locals. Now they keep to themselves. Hizbollah collaborators drive Mercedes or BMWs with drawn black curtains. Cars with no licence plates at all are another Hizbollah fad, emphasising an image of stealth and discretion.

Owing to complications in relations between Damascus and Tehran and the delicacy of regional politics, the Syrians and Iranians seem to be avoiding one another. "They are like the wolf and the lamb. They cannot stay too close to one another," a Shi'ite security official explains.

Moslem women in Lebanon hold up posters of Ayatollah Khomeini and missing Lebanese scholar Musa Al-Sadr

Letters to the Editor

The value of aid

From the Director-General of the Confederation of British Industry

Sir,—Your leader, A distortion of aid policy (July 20), was rather selective in its premises. The following points are worth noting.

The practical interest of British industry in the development of the third world which provides markets for the future is no less powerful an engine for the common good than the "idealism" you identified. For that reason the developmental criterion for aid disbursements is not in contention.

The CBI believes that an increase in tied aid could bring important benefits at home, without prejudice to the needs of the recipients of British aid. *And* we are concerned to see that all public expenditure delivers maximum value to the taxpayer.

Increasing the tied component of aid will only bring us into line with the practices of other major countries. Despite the improvements in the Organisation for Economic Co-operation and Development (OECD) consensus on export credits, British companies remain at a disadvantage against key competitors with larger tied aid budgets behind them. Britain spends £1.3bn on aid (more than twice as much as the Government spends on inner cities through the urban programme and the urban development corporations).

Moreover, there is a growing interest in soft loans from lesser developed countries themselves, a factor to be taken into account in the debate about freedom of choice. The tied aid component was only £66m last year and represents a lower percentage than many of our OECD competitors — most notably France and Italy.

Aid does not concern only the biggest companies. Smaller companies, where much of the thinking on appropriate, or intermediate, technology has taken place, also have a role to play in the development process. Increasing the tied aid budget could give a boost to innovative technologies in recipient countries, while contributing to jobs at home.

In a wide range of developmentally significant business sectors, Britain has an important competitive presence, for example, in power generation and distribution, irrigation, telecommunications, road building. So buying British need not mean any distortion of development policy; and, since the companies concerned are often large employers in areas of high unemployment, tied aid could contribute to the Inner City initiative.

Freedom of choice does not ensure development, it is the choices made that matter. An increase in the tied component of aid could boost British business — and our capacity to fund the aid programme — without damage in the Third World.

We know from our members' experience that the climate is changing; it seems perfectly proper to bring into public debate the manner in which the Government's policy might adapt to this.

John M. M. Banham,
Confederation of British Industry,
Centre Point,
103 New Oxford Street, WC1

Information and science

From Mr G. D. Bunce

Sir,—In your excellent leader (July 21) on the government's realistic new policy for management of public funded research and development, you defined the two difficult remaining requirements as: encouraging increased company investment in R and D, and increasing the emphasis on diffusing universities' technological advances throughout industry.

For the latter problem, you indicate the need, to improve the less glamorous process of improving the information flow between universities and industry, as probably being more relevant than large projects at the frontiers of science. Information is also the means for solution of the investment problem, through increased understanding of the need.

Information is, indeed, the fundamental requirement but, as the second most crucial resource (people being the first) available to all organisations, it requires to be managed much more effectively than is achieved by the current conventional and casual methods in all activities. The problem of ineffective information usage throughout industry, academe, government and all other activities, is that information per se exists as a pragmatic availability instead of a resource designed and used for specific purposes.

It is always necessary, but rarely practised, to define the purpose for which information is required in an activity, to ensure that the continuing content is always relevant to its intended usage. Information management (a significantly different activity to the so-called number-crunching "management information" subject) should be the focus from which all activities begin, progress and terminate, through the two other vital activities of strategic and decision management, which enable the future to be managed — not coped with — successfully.

It is our hope that the new organisations being created to encourage and guide the selection of relevant science, and its implementation into new products in the world market place, will indeed focus their activities through these three fundamental resources of information strategic and decision management. The positive results will be far in excess of most expectations, and significant opportunities and benefits will be achievable.

George D. Bunce,
Managing Director,
Strategic Developments Ltd,
102 Newgate Street, EC1.

Watching the BT watchdog

From Mr P. P. Downey

Sir,—I was extremely interested in Mr Hanton's letter to you regarding his problems with Oftel and British Telecom. I had a dispute with BT on the International section and I believe that I was treated both pompously and appallingly by the chairman's office.

I found Oftel's telephone number with difficulty by ringing BT's Customer Relations Department and persuading them to give it to me. I then rang Oftel with my complaint, whose immediate response was that they could not accept such complaints over the telephone, but only in writing.

Lately, Oftel, without so much as any consultation or communication, agreed with BT that anyone who had negotiated emergency weekend maintenance would now have to pay.

Mr Hanton is right, Oftel appear to be part of BT.

P. P. Downey.
Director,
Tilden Communications Ltd,
Dunedin Lodge,
Weston Rd,
Bath, Avon.

Aid and trade success

From Mr I. Roberts.

Sir—In his letter on overseas aid (July 18), Mr G Clark calls for effective planning from the UK on aid-funded projects in the interests of all; a sentiment with which industry would readily concur. To ensure the benefits for the recipient developing country and the UK economy, both the developmental and the industrial case must be made.

The Aid and Trade Provision (ATP) is rightly criticised by Mr Clark for its early shortcomings, but these have been largely overcome, and happily some far more successful examples can now be quoted. The recent study by Hawker Siddeley, in conjunction with Loughborough University, on its own ATP supported project in Indonesia indicates the value to Indonesia and details the considerable economic gains to the UK, including the tax returns generated which more than cover the cost of the initial grant aid.

Unfortunately, ATP is the only aid instrument where both the Overseas Development Administration (ODA) and industry are involved in the project decision making process. An industry input into the disbursement of the remainder of the bilateral aid budget would be beneficial, not least from a development point of view. There are some impressive examples of projects where the expertise, which the UK project industry surely has, could have brought notable improvement.

As the representative of the national interest, the legitimacy of industry's claim needs to be recognised. Only then can there be effective UK planning, only then will UK aid-funded projects be in the interests of all.

I. Roberts.
Hawker Siddeley Power Engineering Limited,
Burton on the Wolds,
Loughborough, Leics.

Pension choices for the young

From Mr B. Davies

Sir,—Your report of the talk I gave at the Bacon and Woodrow seminar (July 20), while reaching the right conclusion, gives a wrong impression of what was actually said.

It is absolutely true that employers do need to review their pension arrangements in the light of the Government's changes in legislation. It is very misleading, however, to suggest that what was said means that "younger employees can expect to do far better in their early years by coming out of their employer's company scheme and taking a personal pension." The option for later entry to company schemes may not be available and individuals could well find that they have made the wrong pensions choice.

Your report ignores the emphasis which was laid on making any comparison in context. Company schemes have many advantages over personal pensions. For example, they will normally provide better benefits on death and ill-health, both important to younger people. There is also the continued involvement and support of the employer and the associated possibility of future improvements.

Any comparison depends on the realism of the assumptions made. As your report explained, it is only on the assumption that investment returns will out-run pay increases by 2½ per cent per annum that younger employees appear to do better. What I went on to say is that experience over the last 30 years suggests clearly that in the long run this is unrealistic for a personal pension provider, particularly as this rate must be achieved *after* the payment of expenses. It is only the very optimistic employee who might hope for such a return.

A further important point is that the comparisons were made on the basis of an average occupational scheme with 5 per cent member contributions. Schemes with lower rates of contribution or better benefits will more easily outpace the benefits of personal pensions.

Your report correctly gave significance to a matter of great concern to half the working population. It would be most unfortunate if it led people to think the issue is simpler than it really is. The fact remains that company schemes are still the best choice for most people.

Bryn Davies,
Bacon and Woodrow,
Empire House,
St Martin's-le-Grand, EC1.

Service, what service?

From Mr M. Lawson.

Sir, — I was so suffused with rage and indignation by the article by Kevin Brown, London fares likely to rise (July 21) that I had to write to express my anger.

The article gives a contradiction in terms in the first two paragraphs — para one: "Fares . . . are likely to rise . . . to ease congestion . . ." and para two: "London Regional Transport . . . that runs both services . . ." Clearly, the *business* run by LRT is not a *service,* since a service would seek to increase its capacity to serve, not its ability to maximise revenue generation. That this can even be considered as an option is incredible, that it is discussed publicly is crass and offensive. Let the poor walk —whilst they eat cake?

Mark Lawson,
29 Holland Road, W14.

UK COMPANY NEWS

LOSSES OF £697m BUT UK RETAIL SIDE UP 39 PER CENT

Lloyds makes £1bn loan provision

BY DAVID LASCELLES, BANKING EDITOR

LLOYDS BANK followed the international banking trend yesterday by announcing a £1.07bn exceptional provision for its loans to the Third World, the largest of any UK bank. Although this resulted in a pre-tax loss of £697m at the interim stage, the bank claimed an improved performance at the operating level.

Lloyds also stressed that the large provision would not affect its business strategies.

Sir Jeremy Morse, chairman, said that without the special provision, Lloyds' post-tax profit would have been six per cent higher and the dividend would have been amply covered. Lloyds increased its interim dividend from 4.17p to 4.6p, but paid it out of reserves. It also intends to amend the terms of its staff profit-sharing scheme to enable a bonus to be paid this year.

Before the provision, Lloyds made a pre-tax profit of £369m, an increase of 10 per cent on £335m in the same period last year. After the exceptional item, the pre-tax loss amounted to £697m, leaving a total after-tax loss of £516m, compared with a £214m profit. The loss per share amounted to 64p compared with last year's earnings per share of 27p.

At the end of June, Lloyd's outstanding loans to 28 countries in financial difficulty totalled £4.3bn, against which it now has £1.3bn of provisions. This is an average provision of 30 per cent, though Lloyd's stressed that the amounts varied from country to country. The main outstandings are Brazil (£1.3bn), Mexico (£853m), Argentina (£455m), rest of Latin America (£956m) and rest of the world (£749m).

The strongest growth in the group came from UK retail banking where post-tax profits were up by £46m, or 39 per cent, at £164m. The main improvement came in commercial and personal banking, with fees from estate agency, insurance broking, credit cards, and current accounts all showing increases.

The international banking side reported a post-tax loss of £701m, compared with a profit of £47m in last year's first half. This was due mainly to the exceptional provisions, but Lloyd's also suffered from the non-payment of £35m of interest due from Brazil and Ecuador.

The contribution of corporate banking was unchanged at £21m after tax. Global treasury showed a small increase at £19m.

Lloyds Merchant Bank suffered a £20m loss after tax compared with a small profit last year because of the heavy costs and losses incurred by the division's gilt-edged and Eurobond dealing operations, from which Lloyds withdrew last month. The loss included £10m of closing down costs.

Sir Jeremy said that LMB retained a number of profitable lines, including corporate finance, investment management which would be developed. It would also pursue plans to become a member of the US government bond market, but it had withdrawn its application for a licence to deal in securities in Tokyo.

Sir Jeremy declined to comment on speculation that Lloyds was considering a major acquisition, either through a renewed bid for Standard Chartered, or in the merchant banking area. He said that the bad debt provision "has reduced our firepower," but had not altered Lloyds' approach to its business. Mr Brian Pitman, chief executive, said that the important factor in acquisitions was the value of Lloyds' share price, and this had risen strongly in recent months.

Sir Jeremy Morse, chairman of Lloyds

The increase in provisions reduced Lloyds' shareholders' funds from £2.8bn to £2.1bn at the end of last year. Primary capital fell from £4.2bn to £3.5bn, reducing the primary capital ratio from 8.9 per cent to 7.2 per cent. Lloyds' total assets now stand at £48.2bn, which means it has overtaken Midland Bank, assets of which have declined to £47bn with the recently announced sale of the Clydesdale and Northern banks.

CWF leads new board control at Sumrie

By Terry Povey

City of Westminster Financial and an associated company are to take board control of Sumrie Clothes, the struggling Leeds textile company run by Mr Michael Hepker, the controversial former tax lawyer.

Shares in the Leeds company have leapt over the past few weeks, rising 60p to 193p yesterday. The £536,000 deal sees City of Westminster, a financial services company, and Master Financial Services, together acquiring 715,000 (or 28.6 per cent) of Sumrie's shares at 75p each.

At completion on August 17, Mr Hepker and an associate Mr Meir Spungin will resign from the Sumrie board. Their places will be taken by Mr David Sinclair, of Master Financial, who will become chairman, and Ms Sally Morgan of CWF. "An "appropriate operating manager for the business has already been identified," said Mr Andrew Greystoke, CWF's chairman.

Mr Greystoke and CWF have been involved in a long-running battle for control of Bremner—the board of which yesterday announced that it totally opposed anyone associated with CWF from becoming a director.

The Sumrie share stakes were acquired from Le Chevalerique, an Isle of Man nominee-owned company represented in the negotiations by Mr Hepker.

In February 1986, the Department of Trade appointed two high-powered inspectors to investigate the beneficial ownership of the offshore companies which between them dominated Sumrie's shareholder register. This investigation is yet to be concluded.

In July 1985, allegations were made in Parliament linking Mr Hepker and various offshore companies to bad debts owed to Johnson Matthey Bankers.

Mr Hepker confirmed yesterday that Le Chevalerique had accepted £536,000 for its Sumrie stake—this compares with the estimated £1m cost of its holding in the textile company. Mr Hepker, who acts as financial adviser for Le Chevalerique but denies beneficial ownership of the offshore company, said that he was "unaware of whether or not this deal was a good one" for his client.

Mr Greystoke said that the attractions of Sumrie were that it was a fully-listed vehicle, that its operating problems were behind it even though a "modest loss for the year to March is possible." Mr Hepker said that preliminary results would probably be announced in the third week of August, adding that "the date of my resignation from the board has no bearing on this matter."

Commenting on future intention Mr Greystoke said "we like to take stakes when we can see the first deal coming and acquisitions are very much on the cards." CWF also has a stake in Lanca, the handbag manufacturer.

Asked whether this marked the end of his involvement with Sumrie, Mr Hepker said that he feels "very emotionally committed to the success of the company and discussions over a continuing role for me in helping the company to grow have yet to be concluded."

Mr Hepker was unclear as to the attitude that Mr Armand Schonfrucht, identified for the first time by the Sumrie chairman as owner of a 10 per cent stake in the textile company, would take to the Le Chevalerique sale. Mr Schonfrucht, a business associate of Mr Hepker's, was formerly a member of the Sumrie board.

CapCo calls for £182m to fund development plans

BY DAVID WALLER

Capital & Counties yesterday announced a £182m rights issue which will increase its market capitalisation by nearly a half and dilute its South African parent's holding from 93.6 to below 70 per ceent.

The cash raised will be reployed as part of CapCo's programme of property development in the south-east—particularly on three proposed shopping centres at Watford, Bromley and Thurrock.

TransAtlantic Holdings, 48 per cent owned by Liberty Life of South Africa, signalled its intention to dilute its holding in CapCo earlier this month when it announced that a £100m-plus financing programme for CapCo was imminent.

It also said that it had shelved its plans to seek a listing on the London stock exchange but hoped to get a listing on the Luxembourg stock exchange by the end of the year.

The bulk of TransAtlantic's holding was acquired as a result of an embarrassingly high level of acceptances for a bid made two years ago. Its stake had gone beyond 30 per cent, so prompting the obligation to make an offer under the Takeover Code.

The rights are parcelled in units of four preference shares at 100p and one ordinary share at 410p, making a total of 810 per unit. For every four existing shares, a shareholder is entitled to one unit—which works out at approximately a one-for-two expansion

TransAtlantic is taking up only 3m units out of its total entitlement of 21.7m, and the balance has been condtionally placed with several hundred institutions by James Capel and Shroders.

There are 3,000 minority shareholders whose rights have been underwritten.

"The market in our shares has been somewhat hypothetical in the past two years," said Mr Ray Moorman, CapCo's managing director. "The rights issue gives the company an impetus to move back into the public arena.

At the same time as announcing the rights issue, CapCo disclosed interim pre-tax profits for the six months to June 30 of £6.56m (£6.06m), on total operating income of £13.26m (£8.5m). It declared an interim payment of 3.5p — up from 3p last time — and forecast a 14.3 per cent rise in the final to 8p. Interest rose from £1.12m to £4.17m, reflecting the costs of financing the recently-established Capcount Property Trust in Australia.

CapCo forecast that profits for the full year, before tax and excluding profits from sales of trading properties and the benefits of the issue, would be not less than £14m, against £12m.

CapCo's shares fell 5p yesterday to 415p.

Bid setback for TSB

BY HUGO DIXON

FURTHER uncertainty was injected into the bid by TSB, the financial services group, for Hogg Robinson, the travel and insurance group, yesterday when the Takeover Panel refused to rule on an important element of TSB's strategy.

TSB is hoping to buy Hogg, keep the travel side and sell the insurance broking business to Dewey Warren, another insurance broker. Hogg, however, is trying to get shareholder approval on Monday to split itself into two independent businesses.

Several stockbrokers went to the Panel to clarify whether TSB and Dewey Warren would be able to bid for the two separate businesses, in the event that the demerger plan went ahead.

TSB's bid is conditional on the demerger plan being defeated, but it has indicated that if it loses, it will probably bid just for the travel side.

The Panel, however, said it could not give a ruling, because the matter under consideration was hypothetical. It also was not prepared to rule until it had heard from all concerned parties.

"It is by no means clear they [TSB] could go ahead," a spokesman for the Panel said. Under Rule 35 of the Takeover Code, a company which fails in a bid for another company cannot usually bid again until 12 months have passed.

There is some doubt whether TSB would be bidding for the same company or a different one, if the demerger went ahead.

Smurfit Corp profits double

Strong demand and the benefit of a recent acquisition helped Jefferson Smurfit Corporation, 78 per cent-owned US subsidiary of Jefferson Smurfit Group, to show pre-tax income more than doubled to $33.69m (£21m) in the three months to the end of June 1987, against $14.38m last time.

The result was achieved on sales of $270.67m, against $238.25m.

Directors said the sales and income were the best ever for the company reflecting strong demand for the company's major products. There was also a contribution to net income of $8.08m from its 50 per cent-owned affiliate, Container Corporation of America which was acquired in September last year.

The figures brought the total for the first half of the year to income of $59.09m ($21.65m) on sales of $526.4m ($463.51m). After taxes of $21.86m ($9.4m) and minorities of $2.62m ($1.65m) net income was $34.61m ($10.6m) for income per share in the first half of $1.8 against $0.55.

Directors added that in anticipation of continued strong demand for containerboard, boxboard and newsprint, price increases have been announced which would take effect in the third quarter.

Dyson surges to £1.45m

A 40 PER CENT advance in pre-tax profits was achieved by J. & J. Dyson in the year ended March 31 1987 from turnover ahead by 11 per cent.

The group's main trading activities are the manufacture of refractories, sales of motor vehicles and the production of vehicle tankers and trailers, and builders' merchanting.

Sales in the year were £48.06m (£43.15m) and the pre-tax profit was £1.53m (£1.04m) before employee profit sharing, and £1.45m thereafter. There was no allocation in the previous year.

For the current year the order books were healthy, the directors said, and they looked for a further improvement in profit.

Earnings for 1986-87 worked through at 8.22p per share (6.48p) after tax of £327,000 (£149,000), and the dividend is held at 4.5p net with an unchanged final of 2.5p.

However, this year the directors decided to write off the whole £2.47m development costs of M and G Tankers, and that put the group into an attributable loss of £1.31m (profit £708,000).

Non-specialised land and buildings have been revalued and produced a surplus of £2.54m,

Debenham Tewson in demand

By Philip Coggan

The offer for sale for Debenham Tewson and Chinnocks, the commercial chartered surveyor, was nearly 16 times oversubscribed when applications closed on July 23.

That compares with the 24 times oversubscription of Fletcher King and the 3.4 times oversubscription of Baker Harris Saunders, two commercial surveyors who made offers for sale last year. In February, an offer for another commercial surveyor, Sinclair Goldsmith, was seven times oversubscribed.

Valid applications worth around £192m were received for the 6.77m shares on offer, 25 per cent of the equity, at 170p each.

The basis for allocations, apart from those from employees of the company which has been allocated in full, is as follows: those who applied for between 200 and 1,750 shares will go in a weighted ballot for 200 shares; applicants for 2,000-3,750 shares will receive 200 shares; for 4,000 to 5,500 shares will receive 300 shares; for 6,000 to 945,000 shares will receive 5.1 per cent of shares applied for; and those who applied for 950,000 shares and over will receive 50,000 shares.

Dealings in the shares are expected to start on July 30.

Benlox chairman increases his stake

Mr Andrew Millar, chairman, of Benlox Holding, the civil engineering and investment dealing company which last week claimed control of miniconglomerate Nolton, has purchased a further 150,000 shares in Benlox. This takes his stake to 520,000 shares or 2.72 per cent.

However, Mr Millar also holds 3.67m shares in Nolton, over which Benlox has been granted an option. This would allow Benlox to purchase the shares in exchange for its own paper, on the bid terms. Mr Millar has also written to shareholders reminding them that the 61p cash alternative closes on July 30.

Midland sells slice of Burnett stake

Midland Bank has sold part of its stake in Burnett & Hallamshire Holdings, the troubled mining and property company. Burnett shares lost ½p to close at 26½.

Midland is the second member of Burnett's bank support group to announce a partial disposal this week. On July 17, the date of Burnett's annual report, the banks held a total of 64.9 per cent of the company's shares.

Midland reduced its holding to just under 25 per cent with the sale of 3m Burnett shares, nearly 1.9 per cent of the total. It is still the largest single shareholder. Barclays Bank cut its stake from 10.2 per cent to 8.2 per cent.

Readicut starts well

Readicut International had made an exciting start to the current year with pre-tax profits at the end of the first quarter substantially ahead of the same period last year, Professor Roland Smith, the chairman, told the annual meeting.

Group companies remained very busy and the outlook for the full year continued to look good.

Hillsdown expands in leather

Hillsdown Holdings, the food and furniture group, could be close to augmenting its leather business.

The Co-operative Wholesale Society confirmed last week that it is negotiating with Hillsdown over the sale of certain interests to the quoted company. These include the fellmongery business at Buckfastleigh, and hide and skin markets in Northampton and near Nottingham.

Hillsdown says only that various options are under consideration. The company is already a large abattoir operator—a source of raw material—and has an expanding furniture division, which buys increasing amounts of leather. At present, it owns a couple of hide and skin markets and four fellmongeries.

There was certainly no secret of its intention to expand its leather business. Last month it lost out in a £30m bid battle for quoted leather group, Garnar Booth, to Yeovil-based Pittard. As a result of the stake which it picked up in Garnar, Hillsdown now holds about 15 per cent of the enlarged leather group.

Earlier this week Hillsdown announced a move into house building in the south-east.

The food company has made

Bass raises £21m through sale of 21% stake in YTV

BY CLAY HARRIS

Bass, the brewing and leisure group, yesterday raised more than £21m through the sale of its 21 per cent stake in Yorkshire Television, the independent television contractor.

The authorities will issue up to £1bn of long-dated stock (over 15 years). The details will be announced not less than seven calendar days in advance of the auction.

The Bank said it envisaged holding a third auction for up to £1bn of medium-dated stock, perhaps in January.

The first auction was on May 13, when £1bn of 8 per cent Treasury loan stock due 1992 was sold.

Chairman resigns from LIT

By Philip Coggan

Mr John Arthur, the chairman of London Investment Trust, the futures and options broker, has resigned and is being replaced by Mr Paul Dupee, an American businessman.

No reason is being given for the departure or details of any compensation; in the year ending March 31, 1987, Mr Arthur earned £193,000.

In recent months, Mr Dupee has built up a stake of more than 20 per cent in the group. Mr Arthur said of Mr Dupee's first share acquisition that "we view this very positively" and the American joined the board as a non-executive director.

The sale of 3.75m shares belonging to Mr Arthur is being arranged by other directors and details of the transactions are expected to be announced shortly.

In further board moves, Mr John Botts, a former Citicorp banker, is joining as a non-executive director and Mr F. Finlay is becoming finance director.

Eve Construction ahead

Eve Construction, the civil engineering, building contracting and plant-hire group which joined the USM last September, raised pre-tax profits by 25 per cent to £2.03m in the year to March 31 1987.

Turnover was up 20 per cent to £31.72m. Earnings per 25p share rose from 10.6p to 15.1p and there is a proposed final dividend of 3.5m, making a total for the year of 5p.

The company said the current year had started well, with two divisions awarded substantial contracts this week.

The transmission and special projects division was to build the south Atlantic relay station for the BBC in the Ascension Islands and the building and civil engineering division had been given a £3.5m contract to build a new ward block to a hospital in Haringey.

Pre-tax results were struck after administration charges of £761,000 (£708,000) and interest of £12,000 (£99,000). Tax took £677,000 (£737,000).

Mainmet jumps to £0.3m

Turnover and profitability at Mainmet Holdings advanced significantly in the year ended May 31 1987, and for the current year the chairman said he was confident of seeing a further substantial increase.

Mr George Fowler said turnover in 1986-87 jumped by 75 per cent, while the pre-tax profit soared over 2½ times from £120,000 to £315,000.

Basic earnings rose to 9.09p (3.52p), and shareholders benefit by having their dividend lifted from 1p to 2.25p net, with a final of 1.5p. They will also receive a 1-for-2 scrip issue.

Wm. Sommerville

William Somerville & Son, paper maker, raised pre-tax profits by 16 per cent from £529,000 to £613,000 for the year ended May 31 1987. Turnover increased to £8.27m, against £7.87m.

After tax of £218,000 (£226,000) earnings per 25p share grew from 47.02p to 61.34p The final dividend is 9p (8p) for a total 11p higher at 10p.

Polytechnic Elect warns of losses

THE BOARD of Polytechnic Electronics USM-quoted navigation equipment group, has warned that delays and additional costs in bringing its Series 2000 navigational systems into production would result in a loss being reported for the year to May 31 1987.

They added, however, that the system was now in volume production and few sales had been lost. Orders worth more than £4.1m had been received for the present year.

For the half year pre-tax profits were down from £433,000 to £12,000 after trading difficulties. The company said the Challenger shuttle disaster had delayed its Global Positioning System satellite programme for the US Department of Defence.

Utd Spring talks

UNITED SPRING & Steel Group has announced it is in discussions which might lead to the sale of its steel stockholding division. The price under discussion is in excess of net book value and will enable the group to finance further acquisitions for its specialty machinery division.

Pearson offshoot in acquisition

Camco, the US oil services subsidiary of Pearson, is to acquire from NL Industries substantially all of the operating assets of its NL Hycalog division, a maker of natural and synthetic diamond drill bits.

The price includes a cash consideration of $15m plus the assumption of certain liabilities. Also included is a long-term supply contract to assure the continuing availability of bits for other NL divisions. NL is a worldwide supplier of petroleum services and chemicals.

The transaction is subject to the negotiation of a definitive agreement and the approval by the Camco and NL boards.

Pearson currently holds a 65 per cent interest in Camco, but will shortly be making a tender offer for all the shares it does not already own. Pearson also owns the Financial Times.

Northern Foods

The shareholders of Northern Foods were told at the annual meeting that the adverse weather had affected the group's many seasonal product areas. That had resulted in a slow start to the year.

Phoenix agrees bid for Rohan

BY HUGH CARNEGY IN LONDON AND PAUL CHEESERIGHT IN LONDON

Phoenix Properties and Finance, a British property investment and dealing company, yesterday made an agreed £40.4m (£4.9m) bid for the Irish property developers and construction outfit, Rohan Group.

Phoenix is offering 20 ordinary shares for every 13 Rohan shares and has received irrevocable undertakings covering 6.4m shares, or 51 per cent of Rohan's share capital.

The offer values Rohan at 352p per share (317p), representing a 68 per cent premium on the price of 210p when Rohan first announced it was subject to an offer on July 14. This is based on a Phoenix share price of 206p sterling on Wednesday, the day before trading in both companies was suspended.

There is a 300p (276p) a share cash alternative.

Phoenix will issue 19.6m new shares, or 54.1 per cent of the enlarged capital, to cover full acceptance of the offer.

Phoenix, which recently announced interim results to March showing more than trebled net income and pre-tax profits of £21,722 (£7,049) said it believed the prospects for the current year were very encouraging. Following the Rohan acquisition, it would be the board's intention to institute a dividend policy.

There was some surprise in Dublin at the acceptance of the deal by Rohan. It posted pre-tax profits of I£1.8m last year, compared with just I£130,000 in 1985 and was regarded as having good prospects based on sound locations in Ireland's otherwise depressed market and expanding industrial investments in the south east of England.

Mr Ken Rohan is to be succeeded as chief executive by Phoenix chief executive Mr John Duggan, although he will remain as chairman and will join the Phoenix board.

Mr Rohan said he was "very relaxed" about the merger. "It makes a lot of sense. We've now got someone in London who knows the market there inside out and you just can't do that from here."

Ireland's exchange controls barring private investors from holding non-Irish shares and limiting the amount local institutions can hold, means Rohan's Irish shareholders will either have to take cash or dispose of the Phoenix holdings at a later date.

Phoenix, which has had a chequered history since turning from tin mining to property seven years ago, has been a stock market favourite—its price has run up to 239p from a low this year of 86p. This, in spite of its slender asset base and modest turnover and profits, mostly gained from property dealing.

For a short time Professor Roland Smith, once chairman of the House of Fraser, was chairman, but he has been succeeded by Mr Geoffrey Simmonds. Under new chief executive, John Duggan, Phoenix has sought to build up an asset base. In February it bought a mixed portfolio from Eagerpath for £9.1m.

Weinstock gets 25% pay boost

BY DAVID THOMAS

THE SALARY of Lord Weinstock, managing director of General Electric Company, went up 25 per cent last year, during which GEC's pre-tax profits fell by 4.7 per cent.

The emoluments received by Lord Weinstock in 1986-87 were £221,000, compared with £177,000 in 1985-86.

This was disclosed in GEC's report and accounts, published yesterday. The report also shows that the salary paid to Mr James Prior, GEC chairman, increased by 33 per cent from £61,000 to £81,000.

GEC's pre-tax profits fell 4.7 per cent to £668 on sales marginally down at £5.247bn in the year to the end of March.

DIVIDENDS ANNOUNCED

	Current	Date of Date	Corresponding Corres-	Total for Total	Total last Total
Abbey Panels ....int	1.2	—	1.2	—	2.4
Capital & Countries int	‖3.5	—	3	—	7
J. & J. Dyson	2.5	Oct 1	2.5	4.5	4.5
Eve Construction	‡3.5	—	—	5	—
Fleming Enterprise ...	6.3	—	6	9.3	9
Lloyds Bank ......int	**4.6	Oct 1	4.17*	—	12*
Jammet	1.5	—	1	2.25	1
Scot Amer Inv sec int	0.51	—	0.45*	—	1.83
Wm Sommerville	9	—	8	10	9
Yeoman Inv Tst int	3.8	—	2.25‡	—	5.55‡

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ Final of not less than 4.5p forecast after rights issue. ** Carries share option. †† Adjusted for conversion into a split level investment trust in November 1986.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
‡‡	F.P.	—	105	95	*Andaman Res. 10p.	105	+8	—	—	—	—
¶¶	F.P.	—	66	65	BNP Gold Mines A$0.25	66	—	—	—	—	—
§110	F.P.	14/8	157	111	Babygro 10p.	156	—	R2.4	3.2	2.1	18.8
155	F.P.	7/8	195	158	Britannia Group (5p)	177	+1	R3.85	3.0	3.0	15.3
250	F.P.	31/7	372	250	Carndon 5p.	365	+16	L6.0	3.0	2.3	18.7
§120	F.P.	31/7	195	150	‡Colourvision 5p.	175	−5	R2.2	2.7	1.7	28.8
§92	F.P.	—	185	157	‡Cook (D.C.) 5p	160	—	u2.85	2.4	2.4	23.4
§82	F.P.	—	100	95	Crosby (James) 10p.	97	—	R1.75	3.4	2.4	16.8
§100	F.P.	25/8	121	116	‡Economic Forestry	118	—	R3.0	2.5	3.5	15.7
§95	F.P.	—	168	115	Elys 5p.	158	−2	L2.1	3.20	1.8	23.4
§178	F.P.	17/8	251	225	Glamar Group 10p.	249	—	u6.5	1.7	3.6	22.0
140	F.P.	—	191	179	‡Graham Motors 5p.	179	—	L3.5	3.5	2.7	14.6
¶¶	F.P.	10/8	285	275	Grahams Int'l Inv Tst 5p.	275	—	—	—	—	—
§135	F.P.	13/8	225	184	Harland Simon (10p.)	203	−2	11.9	4.1	1.3	26.3
§150	F.P.	31/7	190	150	‡Hay and Croft 10p.	176	—	R3.85	3.4	3.0	13.4
§105	F.P.	31/7	126	120	ITL Inf. Tech. 10p.	121	−2	R2.0	3.3	2.3	18.5
105	F.P.	5/8	215	105	‡Knobs & Knockers 10p.	157	+7	L1.17	4.60	1.0	29.3
§165	F.P.	14/8	231	165	Lancaster	230	—	L2.75	3.5	1.6	23.7
§175	F.P	22/7	210	190	‡Learmo'th & Burch 10p.	208	—	Lh1.3	5.8	0.9	27.4
§295	F.P.	—	346	305	Monarch Res. 10p.	305	—	—	—	—	—
§130	F.P.	15/7	216	165	Neotronics 5p.	197	−3	R1.8	4.2	1.2	26.0
§110	F.P.	4/8	275	185	‡Parkway 5p.	271	−2	R1.5	4.2	0.8	42.7
§200	F.P.	—	208	201	Primadona	201	—	u2.25	5.1	1.5	17.4
§165	F.P.	31/7	265	183	‡Ross C'sum. Elec. 10p.	220	−10	L9.5	2.6	2.2	23.8
§35	F.P	—	47	39½	‡SEP Ind'l. Hldgs. 5p.	45	—	—	—	—	21.0
§63	F.P.	31/7	89	76	‡Shelton (Martin) 10p.	82	−1	u1.75	2.5	2.9	20.5
§20	F.P.	17/7	58	51	‡Stanco Exhibition 5p.	55	—	0.29	4.0	0.7	47.6
145	F.P.	17/7	195	145	Tie Rack 5p.	145	—	R1.1	4.2	1.0	31.5
—	F.P.	—	177	170	USDC Inv. Trust £1	175	—	H1.3	—	1.0	—
§130	F.P.	—	195	175	Warner Howard 5p.	191	—	R2.66	2.70	1.9	25.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
‡	F.P.	24/7	114p	105p	Anglo Utd. Cnv. Red. Prf.	109p	+1
100	F.P.	—	132p	109p	Asda Prop. 5½% Cnv. Cum. Red Prf. 2012	132p	+2
100p	30p	—	35½p	30½p	Bowser (C.H.) 6.67pc Cnv. Red. Prf.	31p	—
‡	Nil	—	19pm	12pm	Crest Nich'son 5½% Cnv Cum Red Prf £1	13pm	−5
‡	F.P.	24/7	143p	127p	[illegible] 6¼% Cum. Cnv. Red. Pf.	142p	—
‡	F.P.	7/8	126p	109p	Elliott (B) 7% Cnv.Cum.Red.Prf.	123p	−2
§100	£10	10/9	9	7	Essex Water 9¾% Red. Deb. '97-99	7	—
‡	Nil	—	29pm	19pm	Euro Home 5¼% Cnv Cum Red Prf 2006/11 £1	19pm	−1
‡	25p	—	25p	24½p	Do. 6¾% Cum. Red. Prf 2001/06	24½p	—
‡	£50	11/9	50¼	46½	[illegible] Strategic Inv Tst 9¾% Deb 2017	46½	−¼
¶¶	F.P.	10/8	37p	37p	Grahams Rintoul I.T. Pfd. 20p	37p	—
100½	£10	—	10	10	Lee Valley Wtr. 7¼% Red. Prf. 1997/98	10	—
‡	Nil	—	8¼pm	7¼pm	Lon. Shop Prop. 7% Cnv. Uns Ln 2001/06	7¼pm	−½
§98.471	£30¼	22/1	30¼	27¼	Lynton Prop & Rev 10¾% 1st Mtg Deb 2017	28	+¼
‡	Nil	26/8	16pm	10pm	Magnet&S'thern5.625%CnvCumRedPrf2012	10pm	−1
§100	£10	10/9	10	7	Mid Kent Water 9¾% Red. Deb. '97-99	10	—
—	F.P.	—	100¼	99⅞	Nationwide 8⅞ pc Bds 2/6/88	100	—
—	F.P.	—	99⅞	99⅞	Do. 9⅜% Bds. 11/7/88	99⅞	—
—	£25	11/11	25½	20¼	North Housing Assoc. 8¾% Gtd.Ln.2057	20¼	—
—	F.P.	—	270p	258p	Do. Zero Corp. Ln. 2027	262p	—
§95.221	£25	20/10	26	20¼	Peachey Property 9½% 1st Mt.Deb.2015	20½	+¼
¶¶	F.P.	—	133p	121p	[illegible] (Net) Cnv. Cum. Red. Prf.	125p	—
¶¶	F.P.	—	145p	115p	Smith New Court Cnv Cum Red Prf 50p	144p	—
§101.75	£10	—	10½	10	Sunderland & S Sh Wtr 7¾% Red Prf '97-99	10	—
—	F.P.	—	152p	110p	Unigroup 7½% Cum. Cnv. Red Prf.	151p	+2
—	£10	24/9	12½	10	Wrexham&E.Den.Wtr7¾%Red.Prf.96/98	10	—

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
200	Nil	—	190pm	158pm	Capman (F) 5p.	158pm	—
¶¶	Nil	—	74pm	38pm	ERA Group 5p.	64pm	−5
20	Nil	19/8	18½pm	12½pm	Eagle Trust 2½p	18½pm	—
5	Nil	20/8	51pm	23pm	‡Entertainment Prod 5p.	38pm	—
210	Nil	—	95pm	80pm	Euro. Home Prods. 5p	80pm	−1
320	Nil	7/9	45pm	15pm	Frogmore Estates 50p.	20pm	+5
33	Nil	24/8	40pm	28pm	Helene of London 10p.	30pm	—
120	Nil	24/8	35pm	28pm	‡Hughes Food 5p	28pm	−4
500	Nil	—	70pm	58pm	Joseph (Leopold) £1	58pm	—
65	Nil	24/7	35pm	16pm	Jolland's Hldgs. 2p	32pm	—
140	Nil	4/9	46pm	23pm	‡Laidlaw Thomson	46pm	+2
45	Nil	26/8	29pm	13pm	Utd.Guarantee 5p	14pm	−1
875	Nil	5/8	40pm	3pm	WPP Group 10p	3pm	−7

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. q Earnings based on preliminary figures. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures ‡ Indicated dividend; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. § Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price. * Third Market † 10 Tranwood Rights & 3 Wrts. to sub for 1 new Tranwood @ 40.

APPOINTMENTS

New chairman at Rotaflex

Mr E. V. G. Rice has been managing director and chairman of ROTAFLEX, a member of GTE's international lighting division. He is vice president and general manager of the European lighting division, GTE Sylvania, based in Geneva, Switzerland. He succeeds **Mr Michael J. E. Frye** who is leaving to pursue other business interests. Mr Frye will serve as a consultant to the Rotaflex business until early 1988.

★

Mr Michael S. Hardie, who until recently was director and general manager (investments) of Friends Provident Life Office, has been elected chairman of SHIRES INVESTMENT.

★

CHILTERN FINANCIAL SERVICES has appointed **Mr Alastair Graham** as its finance director. He joins from S & O Consultants Inc, San Francisco, California, a subsidiary of Addison Consultancy Group. Mr Graham was vice president for finance at S & O and his responsibilities included the financial management of the division, liaison with UK management and tax planning.

★

Mr Haydn Abbot has been appointed to the board of SONY (UK) with divisional responsibility for the non-consumer products group. He joined on July 1 from Racal Survey International where he was managing director.

★

Mr Bernard Stonestreet has been appointed director of the BRITISH FIBREBOARD PACKAGING ASSOCIATION. He succeeds **Mr Michael J. Howard** who will be retiring in September.

★

Mr Brian Dinham has been appointed to the board of ABELSCOT. He is a director of Emess Lighting which holds 31 per cent of Abelscot's equity. Mr Dinham will replace **Mr David Cutler**, who was a non-executive director of Abelscot and remains finance director of Emess.

★

Mr Handel E. Evans has been elected to the board of SMITHKLINE BECKMAN CORPORATION. The chief executive officer from 1980-86 of Shared-Medical Systems International, Mr Evans served from 1964 to 1980 in executive positions at IMS International.

★

EMBALEX INTERNATIONAL has appointed **Mr Richard E. L. Webb** to the board as financial and commercial director.

★

Mr Peter Thomas has been appointed senior manager at the City office branch of LLOYDS BANK. Following a period at the bank's head office, he worked at Law Courts and Fenchurch Street branches before joining City office branch in 1980.

★

ROBERT FRASER INSURANCE BROKERS has appointed **Mr Tobin Roberts** a director of Robert Fraser Financial Management. He was with Noble Lowndes.

★

Two managing directors have been appointed to PENNY AND GILES companies: **Mr David McLain** is appointed managing director of Penny and Giles Studio Equipment and becomes executive vice president of Penny and Giles Inc., the company's subsidiary in Los Angeles. **Mr Malcolm Jones** becomes managing director of Penny and Giles Conductice Plastics.

★

Mr Maurice Jones has become marketing director of HUNTING ENGINEERING. Formerly a director responsible for business development within RACAL Defence and Avionics Group, Mr Jones now takes responsibility for marketing of Hunting Engineering's technologies and capabilities, and sales of the company's defence products.

★

Mr Alex Gibson, previously managing director of Chemical Bank International, and Chemical Bank Capital Markets Group, has been appointed a partner of TYZACK & PARTNERS, as head of the financial services group.

★

LOWFIELD DISTRIBUTION, part of the Imperial Foods division of the Hanson Trust, has appointed **Ms Angela Squire** as financial accountant / company secretary. She was financial controller with Wathes Refrigeration.

★

ROBINSONS OF CHESTERFIELD has appointed **Mr Roger Thomas** as sales and marketing director of its healthcare division. He joins from Sterling Winthrop, where he was planning director responsible for consumer and industrial products.

★

Ms Sue Harvey has been appointed sales and marketing director for LUNCHEON VOUCHERS. Previously marketing director with Luncheon Vouchers, she has been working with the meal voucher division of the parent company Accor for five years and has been instrumental in the development of Luncheon Voucher's new image.

★

CHARLES BARKER LYONS has appointed **Ms Jennifer Potter** deputy managing director. She was a director.

★

BRITISH COAL CORPORATION has made changes within its estates department following the retirement of **Mr Ted Dixon**, the director of estates. **Mr Terry C. Rees** has been appointed head of estates department. He had been deputy director of Estates since 1985. He is joined at the Doncaster headquarters by **Mr David Wenn**, as deputy director. Mr Wenn was formerly area estates manager, Nottinghamshire area.

CONTRACTS

Control system for British Gas

A contract valued at £1.4m for a Wesdac 32 monitoring and control system for the gas transmission and distribution network of the East Midlands region of British Gas, has been won by Hawker Siddeley subsidiary, WESTINGHOUSE SYSTEMS.

British Gas operates the largest integrated gas undertaking in the world and each of twelve regions in the UK receives gas at high pressure from the national transmission system. The regions are responsible for storage, pressure reduction and distribution within their area. The East Midlands region covers the area from the Humber to the Wash on the east coast and inland to Sheffield, Derby, Leicester and Northampton.

The continuous control of gas flowing through this extensive network is carried out centrally with a Westinghouse Systems telecontrol system originally installed in 1965. After more than twenty years of reliable service accompanied by a number of enhancements, the central equipment is to be completely replaced by the latest Westinghouse Systems' technology.

★

A contract worth more than £1m for water intake screening equipment for Sizewell "B" nuclear power station has been awarded by the Central Electricity Generating Board to HAWKER SIDDELEY BRACKETT at Colchester.

Under the contract the company will manufacture and supply four 13.4 metre diameter double entry drum screens, which will handle the mechanical treatment of the entire cooling water flow for the new PWR nuclear power station due to be constructed in Suffolk following the extensive public enquiry. Each drum screen is capable of handling a flow of 12.9 cu metres/sec (2,838 gal/sec) of sea water and is designed to withstand a maximum design differential of 10.75 metres under a gross fouling condition. The Hawker Sideeley Brackett drum screens will provide all essential service cooling water as well as the auxiliary circulating water demands for the nuclear station.

★

BULA RESOURCES (HOLDINGS) has appointed **Mr T. J. Fitzpatrick** to the board. He is a senior partner in the firm of Oliver Freaney and Co. He takes the place of **Dr Paul Mihalop**, who has resigned for health reasons.

★

LEYLAND BUS GROUP, the independent builder of buses, coaches and rail vehicles which was the subject of a management buy-out from Rover Group earlier this year, has appointed a new sales and marketing director.

Mr Owen Quinn joins from Rover Group where he was previously southern regional director. Prior to taking up that post, Mr Quinn was managing director of Leyland Vehicules Industriels, the Leyland Trucks sales company in France.

Mr Quinn, who will take up his new post in September, will succeed **Mr David Quainton**, who will be leaving the company after completing work on a special project concerning light rail vehicles, expected to last some three to six month.

★

ASTRA HOLDINGS, the international defence and pyrotechnics group, has won a substantial order from the US Defence Department for the supply of mortar increments (propellant charges) for the 81 mm propulsion charge system. Worth about $3.47m (£2.17m) the contract will be manufactured in Canada through Astra's wholly-owned Canadian subsidiary, Astra Pyrotechnics Canada.

★

OCEAN TRANSPORT AND TRADING'S offshore oil support company OIL Marine has won contracts worth more than $5m (£3.1m) in its West African area of operations. The most recent success was a contract to provide a total package of production and support services for a new West African oilfield. The package includes the provision of an offshore production team, marine transport, safety services and all domestic services.

Last month, OIL Marine won a contract to carry out corrosion control and maintenance work on a number of offshore platforms in Nigerian waters. At the same time the company completed the refurbishment of an Angolan single buoy mooring (SBM). The SBM was towed to Gabon by an OIL vessel, rebuilt, and then towed back to Angola where OIL engineers repositioned it ready for use.

OIL has also expanded its traditional marine service activities in West Africa. The company now has 11 vessels on charter in Angola, including four vessels recently brought in from other areas of the world for a contract to support exploration activity.

★

FLAKT PRODUCTS has landed a contract worth over £180,000 for air conditioning plant to be installed at the new Riverside development in Richmond (Surrey). The building services consultants are Hilson Moran Partnership of Aldershot and the contract—placed by MJN of Croydon—involves 12 air handling units, eight extract fans and 520 fan coils to be installed at the office and shops complex which is due to be completed by the end of the year. Flakt Ltd is the UK subsidiary of the Stockholm-based Flakt Group.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

as at close of business on Monday 20th July 1987 (cols 1–6); *as at 30th June 1987* (cols 7–11, Geographical Spread 7–10)

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 30.6.87 (12) base=100
	CAPITAL & INCOME GROWTH										
648	Alliance Trust	Independently managed	1013	3.4	1279	46	41	8	5	90	346
186	Bankers	Touche, Remnant	93	2.3	106	45	30	8	17	106	328
483	British Investment	Independently managed	688	3.7	766	57	19	21	3	91	352
130	Brunner	Kleinwort Grieveson	146	2.4	173	62	24	1	13	101	374
806	Edinburgh Investment (w)	Dunedin Fund Managers	201	2.6	249	62	17	9	12	103	388
1043	Foreign and Colonial	Foreign & Colonial	139	1.7	168	42	26	15	17	106	434
1342	Globe	Independently managed	193	2.9	223	76	12	9	3	97	406
649	Govett Strategic	John Govett	408	1.3	495	65	8	6	21	123	464
17	Jos Holdings	Kleinwort Grieveson	220	2.1	237	91	4	–	5	101	437
76	Keystone	Mercury Asset Man.	443	1.7	463	67	24		9	109	†
147	Kleinwort Charter	Kleinwort Grieveson	148	2.6	181	74	15	6	5	98	388
11	Lancashire & London (q)	Finsbury Finance	136	3.8	132	95	5	–	–	71	†
81	Meldrum	Gartmore	180	2.8	205	95	4	–	1	101	451
76	River Plate & General (w)Δ	Jupiter Tarbutt	430	2.9	453	80	7	–	13	96	367
70	S. & P. Ret. of Assets (w)Δ	Save & Prosper Group	222	2.1	307	88	12	–	–	125	†
37	Scottish & Mercantile (q)	Finsbury Finance	146	4.7	133	76	2	–	22	101	†
28	Scottish Cities (q)	Finsbury Finance	755	4.7	849	98	2	–	–	72	†
696	Scottish Mortgage	Baillie, Gifford	143	1.9	176	50	20	11	19	115	424
354	Scottish National	Gartmore (Scotland)	458	1.7	505	59	24	7	10	102	376
219	Second Alliance	Independently managed	915	2.9	1136	48	40	7	5	92	354
840	TR Industrial & General	Touche, Remnant	152	2.0	176	56	22	10	12	105	357
757	Witan (w)	Henderson	159	1.7	194	63	17	10	10	100	464
	United Kingdom										
21	City of Oxford	Hambros Bank	103	2.3	103	100	–	–	–	99	422
69	Fleming Claverhouse	Robert Fleming	311	2.5	359	100	–	–	–	109	461
77	Shires (w)	Glasgow Inv. Man.	256	7.9	276	91■	5	–	4	82	266
212	TR City of London	Touche, Remnant	91	3.3	105	91	9	–	–	101	442
176	Temple Bar	Guinness Mahon Inv. Man.	268	3.2	311	99	1	–	–	108	479
	CAPITAL GROWTH										
	General										
398	Anglo & Overseas	Morgan Grenfell	518	1.9	631	48	20	21	11	100	374
†	Atlantic Assets	Ivory & Sime	128	1.1	†	†	†	†	†	†	239
185	Electric & General	Henderson	608	1.2	705	61	21	7	11	97	482
48	Greenfriar (w)	Henderson	503	0.5	518	69	9	3	19	91	533
11	Personal Assets (q)	Ivory & Sime	63	1.1	69	74	21	–	5	89	†
20	Unitycorp Trust (w)	APA Ifico Inv. Man.	126	2.9	149	100	–	–	–	101	†
	International										
121	Berry	GT Management	851	0.4	877	66	16	4	14	83	420
3	Child Health (w)Δ	Thornton & Co.	58	0.0	70	32	15	2	51	130	444
124	English & Scottish	Gartmore	137	1.6*	156	43	17	8	32	104	396
48	F & C Eurotrust	Foreign & Colonial	274	0.9	288	8	–	–	92	103	480
328	Fleming Overseas	Robert Fleming	191	1.6	246	10	46	15	29	97	358
144	Fleming Universal	Robert Fleming	183	1.1	219	20	43	12	25	103	329
23	Gartmore European (w)	Gartmore	383	0.7	435	23	5	–	72	100	328
77	Gartmore Inform. & Fin. (w)	Gartmore	69	2.2	83	72	24	–	4	106	255
9	German Securities (w)	Liechtenstein (UK)	118	0.8	119	–	–	–	100■	40	†
211	Hambros (w)	Hambros Bank	274	2.5	336	59	28	4	9	106	329
181	Kleinwort Overseas	Kleinwort Grieveson	166	2.1	202	10	39	11	40	100	345
14	Mid Wynd International	Baillie, Gifford	240	1.5	283	31	26	12	31	91	450
300	Monks	Baillie, Gifford	287	1.3	354	44	23	9	24	108	386
152	Murray Smaller Markets	Murray Johnstone	221	0.9*	249	19	12	13	56	107	513
15	NordicΔ	GT Management	70	0.4	81	10■	–	–	90	117	†
97	North Atlantic SecuritiesΔ	Morgan Grenfell	398	1.2	504	–	37	36	27	97	335
215	Northern American	Dunedin Fund Managers	466	1.6	577	29	25	19	27	101	351
42	Northern Securities	GT Management	357	1.0	384	65	14	6	15	97	416
13	Paribas French	Paribas Asset Man.	88	0.0	86	–	–	–	100	90	†
146	Romney	Lazard Brothers	431	1.6	488	17	34	30	19	99	320
118	Schroder Global	Schroder Inv. Man.	266	2.2	324	36	34	12	18	99	325
491	Scottish Eastern	Martin Currie Inv. Man.	167	1.8	207	68	9	11	12	118	401
592	Scottish Inv. Trust (w)	Independently managed	472	2.0	589	42	27	11	20	107	353
23	Stratton Inv. Trust	Baring Inv. Man.	143	0.3	159	56	19	13	12	110	†
136	Tribune	Baring Inv. Man.	214	2.1	254	53	23	10	14	98	403
	North America										
174	American	Edinburgh Fund Mgrs.	168	2.7	207	27	73	–	–	98	272
187	Edinburgh Amer. Assets	Ivory & Sime	128	0.7*	162	20■	76	2	2	128	274
160	Fleming American	Robert Fleming	156	1.4	190	2	97	–	1	100	369
42	Gartmore American Secs.	Gartmore	175	1.1	210	20	78	–	2	107	364
178	Govett Atlantic	John Govett	169	2.4	209	22	77	–	1	103	257
86	TR North America	Touche, Remnant	117	2.3	135	9	91	–	–	84	260
	Far East										
10	Australia (w)Δ	Clayton Robard (UK)	139	1.0	181	–	–	–	100	99	†
59	Drayton Far Eastern (w)	MIM	248	0.7	310	2■	–	45	53	102	472
211	F & C Pacific (w)	Foreign & Colonial	132	1.0	174	4	21	47	28	106	385
367	Fleming Far Eastern	Robert Fleming	173	0.6	232	1	–	62	37	96	494
447	Govett Oriental	John Govett	305	1.0	423	7	–	48	45	117	519
27	Martin Currie Pacific (w)	Martin Currie Inv. Man.	185	0.2	199	16	–	72	12	107	†
26	Pacific Assets (w)	Ivory & Sime	173	0.6	167	8■	–	–	92	100	†
56	TR Australia (w)	Touche, Remnant	158	2.0	178	1	–	–	99	108	277
226	TR Pacific Basin (w)	Touche, Remnant	246	0.6	300	3	–	53	44	96	496
	Japan										
54	Baillie Gifford Japan (w)Δ	Baillie, Gifford	385	0.1	497	–	–	100	–	94	648
14	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	61	0.4	82	–	–	100	–	98	†
109	Crescent Japan	Edinburgh Fund Mgrs.	132	0.2	161	–	–	100	–	96	605
276	Drayton Japan	MIM	723	0.2	983	5	–	95	–	99	503
174	Fleming Japanese	Robert Fleming	164	0.6	218	2	–	98	–	97	526
107	GT Japan	GT Management	268	0.7	382	13■	2	84	1	92	585
96	Japan Assets (w)	Ivory & Sime	66	0.1	81	37■	–	63	–	85	416
71	New Tokyo (w)	Edinburgh Fund Mgrs.	121	0.1	165	1	–	99	–	99	522
	Commodities & Energy										
9	New Darien (w)	Hodgson Martin	89	1.1	100	31	62	–	7	118	149
36	Precious MetalsΔ	J. Rothschild	299	0.3	300	11■	57	–	32	87	371
137	TR Natural Resources	Touche, Remnant	192	2.9	229	36	31	–	33	100	219
36	Viking Resources (q)	Ivory & Sime	63	4.8	73	68	32	–	–	71	97
	Technology										
12	Baillie Gifford Tech. (w)	Baillie, Gifford	88	0.3	107	43	46	8	3	88	†
105	Fleming Technology	Robert Fleming	207	0.4	258	43	39	13	5	98	259
†	Independent	Ivory & Sime	261	1.3	†	†	†	†	†	†	213
435	TR Technology	Touche, Remnant	80	1.6	95	40	46	8	6	103	307
	INCOME GROWTH										
524	British Assets	Ivory & Sime	86	3.7	108	62	31	–	7	108	408
219	First Scottish American	Dunedin Fund Managers	526	3.1	617	96	3	–	1	109	412
98	General ConsolidatedΔ	Independently managed	460	4.3	522	74	23	–	3	90	387
310	Investors Capital Trust	Ivory & Sime	425	4.1	489	100	–	–	–	100	†
59	Lowland	Henderson	254	2.0	238	90	2	–	8	97	690
226	Merchants	Kleinwort Grieveson	185	4.0	218	80	16	–	4	97	371
244	Murray Income	Murray Johnstone	229	3.6*	267	79	9	–	12	106	484
330	Murray International	Murray Johnstone	208	3.6*	260	51	26	12	11	95	388
157	Raeburn	Lazard Brothers	566	4.0	664	66	22	9	3	95	327
266	Securities Trust of Scotland	Martin Currie Inv. Man.	127	3.2	152	64	21	7	8	104	451
	SMALLER COMPANIES										
18	Continental Assets (w)	Ivory & Sime	131	1.1	140	–	–	–	100	96	†
71	Dundee & London	Dunedin Fund Managers	359	2.4	433	86	11	2	1	96	376
82	English & International (w)	MIM	271	2.1	307	69	20	9	2	104	477
102	F & C Alliance	Foreign & Colonial	88	3.2	103	49	23	13	15	103	361
16	First Charlotte	Ivory & Sime	23	2.9	21	97	–	3	–	98	243
87	Fleming Fledgeling	Robert Fleming	263	1.3	313	77	20	2	1	95	389
24	Kleinwort Smaller Cos.	Kleinwort Grieveson	635	2.0	664	99	1	–	–	100	567
49	London Atlantic	Investors in Industry	334	3.0	427	78	9	–	13	98	396
50•	London & Strathclyde	Gartmore	276	1.5	334	76	22	–	2	103	414
37	Moorgate	Independently managed	730	3.1	790	94	1	–	5	93	502
32	North British Canadian	Investors in Industry	440	2.3	560	97	2	–	1	103	460
90	St Andrew	Martin Currie Inv. Man.	221	2.4	260	69	16	9	6	99	412
290	Scottish American	Stewart, Ivory	107	2.6	132	57	27	8	8	101	327
71	Smaller Companies Int.	Edinburgh Fund Mgrs.	138	1.0	160	80	9	11	–	109	418
26	Strata Investments (w)Δ	Henderson	150	0.5	165	52	19	11	18	97	†
330	TR Trustees Corp.	Touche, Remnant	141	2.1	164	72	20	7	1	110	372
395	Throgmorton (w)	Throgmorton Inv. Man.	557	2.4	618	99	1	–	–	112	496
	SPECIAL FEATURES										
107	AilsaΔ	J. Rothschild	182	1.9	205	60	24	7	9	92	398
25	Consolidated Venture (w)	MIM	240	0.1	223	31	68	–	1	96	372
233	Drayton Consolidated	MIM	536	2.8	670	78	16	4	2	88	324
359	Ensign Trust	Merchant Navy Inv. Man.	100	1.4	103	71	21	1	7	119	†
74	Fleming Enterprise	Robert Fleming	581	2.1	684	100	–	–	–	107	480
433	Fleming Mercantile	Robert Fleming	220	2.3	272	74	22	1	3	81	379
28	GT Global RecoveryΔ	GT Management	271	1.5	262	73	17	4	6	101	361
50	Hambros Advanced Tech.	Top Technology	196	0.0	230	76	23	–	1	99	†
81	"Investing in Success" (q)	Panfida Managers	200	0.8	228	53	10	15	22	113	†
16	Kleinwort Development	Kleinwort Grieveson	230	0.0	272	100	–	–	–	67	†
89	London Trust (w)	Hambrecht & Quist	70	0.0	90	22	78	–	–	100	†
74•	Murray Ventures (w)	Murray Johnstone	290	2.4	315	82	8■	2	8	85	421
181	TR Property	Touche, Remnant	122	1.6	136	76	7	6	11	100	436
40	Throgmorton USM (w)Δ	Throgmorton Inv. Man.	187	1.2	196	99	1	–	–	104	†
28	Value and Income (w)	Stewart OLIM	72	2.4	65	99	1	–	–	128	†
	SPLIT CAPITAL (x)										
63	City & Commercial 88/98	MIM	1383	–	1630	82	9	8	1	106	492
48	Fundinvest 85/90	MIM	634	–	717	80	9	9	2	106	461
4	Marine Adventure 88	Thornton & Co.	420	–	473	45	11	2	42	128	482
72	New Throg. (1983) (w) 08	Throgmorton Inv. Man.	154	–	276	99	1	–	–	121	†
135	River & Merc. Trust (w) 00	River & Merc. Inv. Man.	129	–	255	71	28	–	1	95	†
60	S. & P. Linked 95/97	Save & Prosper Group	840	–	1159	100	–	–	–	110	583
40	Throgmorton DualΔ	Throgmorton Inv. Man.	520		573	100	–	–	–	100	†
145	Triplevest 87/91	MIM	1828	–	2121	92	7	1	–	107	427
77	Yeoman (q)Δ	Independently managed	163	–	200	91	5	–	4	146	†

NOTES TO THE TABLE

- † No data.
- * Applies to Ordinary/"A" Ordinary only.
- ■ More than one quarter in non-equity investments.
- (x) Capital shares and winding-up dates.
- z Incorporates recent revaluation of unlisted investments.
- ac Adjusted for scrip issue.
- ar Adjusted for rights issue.
- (q) Published quarterly.
- (w) Company has warrants or options in issue.
- • More than 20% in securities or other assets included at directors' valuation.
- Δ The Trust has provisions for a limited life. Please refer to the company for further information.
- n Figures not directly comparable with previous month.

Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1 & 6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent.

AITC Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	431
F.T.-Actuaries All-Share	418
* Standard & Poors Composite	347
* Tokyo New Stock Exchange	734
* Morgan Stanley Cap. Int. World	445

+ Excludes split capital.
* Adjusted for exchange rate changes.

INTL. COMPANIES and FINANCE

Modest rise in earnings at Exxon

BY RODERICK ORAM IN NEW YORK

EXXON, the world's largest integrated oil company, has produced a small rise in second quarter profits. Higher crude oil prices boosted exploration and production earnings, but wiped out profits on marketing and refining.

In the three months ended June, Exxon's net profit rose 3 per cent to $1.15bn, or $1.61 a share, from $1.12bn or $1.55 a year earlier. Revenues rose 12 per cent to $20.16bn from $17.98bn. First half profits slipped to $2.22bn, or $3.11 a share, from $2.83bn or $3.90, on revenues of $39.6bn against $40.12bn.

The average crude oil price realised by the group rose $4 a barrel in the latest period, the first gain in a year. This boosted after-tax worldwide exploration and production profits to $886m in the second quarter from $350m a year earlier, with foreign operations performing better than the domestic business.

"Intense market pressure" prevented the group passing on higher crude prices. Consequently, second quarter after-tax profits from worldwide refining and marketing fell to $19m from $547m, with the US contributing a loss of $19m against profits of $197m a year earlier.

On a brighter note, global net profits from chemicals rose to a record $225m in the latest period from $102m a year earlier, itself a strong period. Most products benefited from higher volume and better margins.

Capital and exploration expenditures remained sharply lower at $1.24bn in the quarter and $2.23bn in the first half compared with $1.91bn and $4.1bn respectively last year. Spending is forecast to accelerate in the second half to a full year total of about $6bn.

Occidental Petroleum, the lost Angeles group headed by Dr Armand Hammer, would have been in the red in the latest quarter without a net gain of $81m from the sale of Colombian operations.

With the gain net profits for the second quarter were $59m, or 23 cents a share, up 22 per cent from $48m, or 18 cents a year earlier. The 1986 figure included $44m of net gains from asset sales and tax benefits. Revenues rose to $4.3bn from $3.8bn.

Elders board to consider restructuring

By Our Sydney Correspondent

ELDERS IXL, Australia's fifth largest company, is considering detailed proposals for a major restructuring of its brewing, pastoral and finance interests.

The proposals come from AFP Investment Corporation, which has close connections with Elders, and are apparently designed both to ensure continuity of profits and to brace the group against the possible departure of Mr John Elliott as chief executive.

The board of Elders will meet on Monday to make a decision on the proposals, details of which have not been revealed. The meeting follows two moves by AFP to distance Elders from possible predators in the event that a restructuring goes ahead.

The first, revealed on Thursday night, involved an unwinding of 15 per cent cross-shareholdings between Elders and Goodman Fielder, the regional food giant. This was done through a complex options agreement between Goodmans and AFP.

The second, similar in form, involved another cross-shareholding between Elders and SA Brewing Holdings, the Adelaide-based brewing company. SA Brewing has a 6 per cent holding in Elders.

The effect is to give AFP options over some 20 per cent of Elders. Combined with options for another 20 per cent of Elders acquired last year, AFP has rights over approximately 40 per cent of the group. It is now seeking the restructuring of Elders before exercising these options.

Hectic trading in the five companies yesterday helped drive the Australian stock market to another record. The widely-watched All-Ordinaries Index, covering 280 stocks, finished just short of the psychological 2,000 mark, at 1,998.

Fairfax sells television network

BY CHRIS SHERWELL IN SYDNEY

JOHN FAIRFAX, the Sydney-based media group, has sold its three-station Channel Seven television network for A$780m (US$553m) to Universal Telecasters, a Brisbane company headed by 38-year-old Mr Christopher Skase.

The deal ends speculation over how Fairfax would submit to new government regulations which prevent media companies owning a television station and a main newspaper in any one city — in Fairfax's case in Melbourne.

It also means a big expansion in Mr Skase's media interests, which are just one part of his large Qintex business empire. He already owns a television station in Brisbane and others in Mackay and on the Sunshine Coast, and will now reach an estimated 60 per cent of the national audience.

But Mr Skase, himself a former journalist with the Fairfax group, will have to sell his existing Brisbane station, so another turn in the media ownership merry-go-round is still to come. The process was set in motion late last year, after the government changed the ownership regulations.

The terms of yesterday's deal appear highly favourable to Mr Skase. Along with Fairfax's three stations — located in Melbourne, Sydney and Brisbane — he will receive several film, video and teletext businesses and freehold and leasehold properties in the three cities.

He is also being allowed to pay for the acquisitions in instalments over three years. These start with a A$25m deposit, and will be followed by another A$470m at the end of November, with the remaining A$285m due in August 1990.

In addition, part of the new equity to finance the purchase will come from Fairfax, which will invest A$100m in Universal Telecasters and expects ultimately to own up to 15 per cent of Qintex, the parent company. Other funds will come from the sale of the existing Brisbane station and new finance facilities.

Although Fairfax is making an overall profit by selling the whole network, the deal stands in strong contrast to the A$1.1bn paid by Mr Alan Bond to Mr Kerry Packer earlier this year for the two Channel Nine stations in Melbourne and Sydney.

The main source of the profit, moreover, is in Fairfax's long-held Sydney and Brisbane stations. The deal appears to mask the loss it is suffering on the Melbourne station, for which it paid a costly A$320m earlier this year.

Gambro acquires medical group for SKr 1.2bn

BY SARA WEBB IN STOCKHOLM

GAMBRO, the Swedish manufacturer of kidney dialysis equipment, has agreed to acquire the Hospal Group, which makes artificial membranes and machines for kidney treatment, from its joint owners Sandoz and Rhone-Poulenc in a deal worth about SKr 1.2bn ($187m).

The acquisition is intended to complement Gamrbro's range of kidney dialysis products. Gambro claims that the acquisition will increase its share of the world haemo-dialysis market from 20 per cent to 31 per cent and said that one of the main attractions of Hospal is the synthetic membrane which it has developed.

Hospal is headquartered in Basle and has manufacturing units in France and Italy, and a research and development unit in France. Its profits after financial items were SKr65m on sales of SKr750m last year. Sales are expected to increase to SKr850m for 1987.

The financing for the deal will take place in two stages. Initially Sonesson, the conglomerate which is wholly-owned by Volvo and which has 31.6 per cent of the capital and 47.2 per cent of the votes in Gambro, will buy all the shares in Copamed, the holding company for the Hospal group.

Gambro then plans to buy Hospal from Sonesson, using a rights issue to cover 60 per cent of the cost and paying the rest in cash.

Last year, Gambro reported profits, after financial items, of SKr 133.5m on sales of SKr 1.6bn.

Rustenburg expands sales revenue by 38%

By Jim Jones in Johannesburg

RUSTENBURG PLATINUM, the world's largest producer of platinum group metals, increased gross sales revenue by 38.5 per cent in the first half of 1987, even though production was marginally lower than in the previous year.

Gross sales, calculated before deduction of commissions and discounts, rose to R2.22bn ($1.11bn) from R1.60bn, while the profit on metal sales rose to R1.05bn from R675.8m.

The company does not tell shareholders how much metal it produces or how much ore it processes. However analysts believe that annual platinum production is in the region of 1.25m ounces. Production was lower in the past financial year because of lower ore grades and tonnages mined at the Union mining section.

Mining costs rose by 29.4 per cent to R812.5m from the previous year's R628m. Processing and refining costs rose at a slower rate to R161.9m from R130.9m. Management believes refining costs should be better controlled when a new refinery is completed near the town of Rustenburg and refineries in Britain and near Johannesburg are closed.

Earnings rose to 293.8 cents a share from 185.2 cents and the year's dividend has been lifted to 200 cents from 135 cents. Mr Pat Retief, managing director, believes that the current year's earnings will be similar to the past year's provided current rand-denominated metal prices persist.

Fermenta issue succeeds

BY OUR STOCKHOLM STAFF

FERMENTA, the scandal-beset Swedish antibiotics and chemicals group, said it had succeeded in raising SKr 345m ($53m) in new equity from shareholders, bringing total new money raised this year as part of a crucial financial rescue package to SKr 595m.

Earlier this year, Fermenta raised SKr 250m from Industrivaerden, the Swedish investment company which is Fermenta's main shareholder, Götabanken, Nordbanken, and several other companies.

Fermenta also announced that SDS Biotech, its subsidiary in the US, will make a tender offer worth $16.6m for outstanding shares in Techamerica, a veterinary products company in which it has a 51 per cent stake.

Fermenta, which has been blighted by financial improprieties, made a loss of SKr 613m last year, even though it had originally forecast a profit of SKr 1.5bn for 1986 as late as last October. The new management does not expect the company to return to profits before 1988.

Hafts may seek 50% of Dayton

By Our New York Staff

THE HAFT family of Maryland has disclosed its latest tactic in its attempt to take over Dayton Hudson, a leading US retailer. It may buy up to 50 per cent of Dayton's shares over the next 12 months, it said in a letter to the Minneapolis-based company.

The purchases would be made by Madison Partnership, controlled by the family, in lots exceeding $15m, Mr Herbert Haft wrote. No immediate comment was available from the Hafts on the size of their current holdings or their goals.

An earlier approach by the Hafts helped the retailer win greater anti-takeover protection under Minnesota laws, part of a trend for states to help local companies thwart raiders.

The Hafts, through the Dart Group, a publicly traded company they control, have unsuccessfully tried to take over several large retailers in recent years. In the past they have sought food retailers, notably Safeway and Supermarkets General.

Dayton Hudson's share price has risen rapidly since late spring on rumours of impending bids. It rose a further $⅝ to $52½ yesterday morning

First Capital share trading restarts

BY ROGER MATTHEWS IN SINGAPORE

THE SINGAPORE Stock Exchange permitted trading to resume yesterday in the shares of First Capital Corporation after the property company admitted that three of its directors had been questioned by officials from the Commercial Affairs Department of the Ministry of Finance.

The stock exchange had earlier refused to lift the suspension because it said that a statement from First Capital, asserting that no official investigation was being carried out into the company's activities, was incomplete.

When trading resumed, First Capital's shares fluctuated sharply between S$1.68 and S$1.98 in heavy trading before closing at S$1.74, down nearly 50 cents on the previous close and 80 cents below the year's high.

Brokers reported heavy selling by individual shareholders but relatively little institutional activity. Some brokers believed that supporters of First Capital had been in the market helping to ensure that the price stabilised at about S$1.75.

In its letter to the stock exchange, First Capital said that Mr Allan Ng, the chairman, Mr Michael Taylor, the local manager of Standard Chartered Bank, and Mr Wee Sin Tho had all given statements to the Commercial Affairs Department.

The statements related to the purchase of shares in Sealion Hotels (since renamed First Capital) by First City Holdings, the private investment vehicle of Mr Ng.

The shares in Sealion had been mortgaged by a Malaysian investment company to Standard Chartered against loans of S$100m.

Standard Chartered initially sold a 23 per cent stake in Sealion to First City for 71 cents a share and last week placed the remaining 16.7 per cent it held with mainly foreign institutions for S$2.30 a share.

US QUARTERLIES

AMAX
Metals

	1987 $	1986 $
Second quarter		
Revenues	834.3m	310.5m
Net income	35.5m	8.0m
Net per share	0.41	0.07
Six months		
Revenues	1.56bn	614.2m
Net income	158.6m	61.4m
Net per share	1.86	0.75

BAXTER TRAVENOL
Medical care products

	1987 $	1986 $
Second quarter		
Revenues	1.49bn	1.39bn
Net profits	73.0m	51.0m
Net per share	0.27	0.17
Six months		
Revenues	2.89bn	2.73bn
Net profits	137.0m	100.0m
Net per share	0.50	0.32

CHUBB
Property and casualty insurance

	1987 $	1986 $
Second quarter		
Net profits	95.4m	74.1m
Net per share	2.27	1.96
Six months		
Net profits	182.7m	133.3m
Net per share	4.43	3.65

COLGATE-PALMOLIVE
Detergents, cosmetics

	1987 $	1986 $
Second quarter		
Revenues	1.43bn	1.2bn
Net income	56.1m	50.1m
Net per share	0.82	0.71
Six months		
Revenues	2.8bn	2.5bn
Net income	112.5m	99.4m
Net per share	1.62	1.41

FRUEHAUF
Trucks, trailers

	1987 $	1986 $
Second quarter		
Revenues	665.8m	630.6m
Net profits	†9.67m	6.56m
Net per share	†1.57	—
Six months		
Revenues	1.26bn	1.16bn
Net profits	†115.3m	12.4m
Net per share	†12.87	—

† Loss

TEXTRON
Aerospace, electronics

	1987 $	1986 $
Second quarter		
Revenues	1.82bn	1.53bn
Net profits	91.0m	61.3m
Net per share	1.06	0.74
Six months		
Revenues	3.66bn	2.95bn
Net profits	151.2m	111.7m
Net per share	1.79	1.36

UNION CARBIDE
Chemicals, plastics

	1987 $	1986 $
Second quarter		
Revenues	1.66bn	1.6bn
Net profits	69.0m	38.0m
Net per share	0.52	0.37
Six months		
Revenues	3.34bn	3.2bn
Net profits	135.0m	74.0m
Net per share	1.03	0.70

XEROX
Copiers, insurance

	1987 $	1986 $
Second quarter		
Revenues	3.6bn	3.2bn
Net profits	164.0m	135.0m
Net per share	1.44	1.27
Six months		
Revenues	7.0bn	6.0bn
Net profits	289.0m	237.0m
Net per share	2.69	2.20

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1987 High	1987 Low
METALS					
Aluminium					
Free Market c.i.f.	$1700/725	+27.5	$1286/202	$1710/1840	$1286/1225
Antimony					
Free Market 99.6%	$2100/2150	–50	$2280/2350	$2400/2500	$2150/2200
Copper-Cash Grade A	£1053.25	+52.5	£888.5	£1088.5	£870.25
3 months Grade A	£1003.5	+50.75	£905	£1053.25	£849.5
Gold per oz	$463.25	+2.75	$349.25	$475	$390.25
Lead Cash	£407.5	—	£249	£445	£288.75
3 months	£380.5	–5.25	£254.25	£417.5	£290.75
Nickel					
Free market	221/241c	–7	176/196c	228/248c	158/177c
Palladium	$140.50	—	$112.5	$161.00	$117.15
Platinum per oz	$574.50	+3.10	$438.9	$646.50	$476.75
Quicksilver (76lbs)	$235/245	—	$190/200	$270/280	$150/160
Silver per oz	478.80p	+3.55	356.15p	663.60p	344.40p
3 months per oz	489.70p	+3.90	343.80p	668.20p	352.70p
Tin					
Free market	£3550/4050	+20	£3620/640	£4,619/840	£3,869/890
Tungsten Ind	$53.69	–2.62	$57.24	$58.16	$41.44
Wolfram (22.04 lbs)	$48/55		$42/50	$50/55	$32/42
Zinc cash	£600.5	+2.5	£556.5	£567	£446.5
3 months	£492.5	+3	£533.5	£550.5	£445
Producers	$860	—	$840	$870	$770/790
GRAINS					
Barley Futures Nov	£100.40	+1.80	£103.25	£118.55	£95.30
Maize French	162.00q	—	£135.00	£165.00	£149.00
WHEAT Futures Nov	£102.00	+0.30	£103.75	£125.50	£98.75
SPICES					
Cloves	$3300	–100	$4300	$3,800	$3,200
Pepper white	$5200	–100	$4300	$5,400	$4,900
black	$4500	–150	$3950	$4,900	$4,200
OILS					
Coconut (Philippines)	$442.5y	—	$259.5	$530	$330
Palm Malayan	$392.5v	–15	‡	$390	$300
SEEDS					
Copra (Philippines)	$285y	–20	$146	$320	$220
Soyabeans (U.S.)	$150x	+2	$162	$168.5	$135.5
OTHER COMMODITIES					
Cocoa Futures Sept	£1346	–24.5	£1408.5	£1,439.5	£1,219.5
Coffee Futures Sept	£1245.5	+5	£1912.5	£1656.5	£1,224
Cotton Outlook A index	84.55c	+0.25	36.85c	84.55c	62.65c
Gas Oil Fut. Sept	$164.75	–5.5	$102.25	$173.25	$125.5
Jute LIA BWC grade	$590	—	$236	$390	$260
Rubber kilo	69.50p	—	60p	69.75p	60p
Sisal No. 3L	$610	—	$620	$610	$610
Sugar (Raw)	$148.6y	–12.8	$132	$204	$139.5
Tea (quality) kilo	172p	+2	200p	180p	140p
(low med) kilo	72p	+2	95p	111p	60p
Wooltops 64s Super	479p kilo	+1	402p kilo	488p kilo	416p kilo

‡ Unquoted. (v) Sept. (u) Aug. (x) July/Aug. (y) Aug/Sept. (w) Sept/Oct. (t) Oct/Nov.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1635-43	+4	1640/1635

Official closing (am): Cash (——); three months 1640-5 (1635-45); settlement —— (——). Final Kerb close: 1630-5. Ring turnover: 750 tonnes.

99.5% purity	£ per tonne		
Cash	1066.5-7.5	–2	1066
3 months	984-5	–2	987/982

Official closing (am): Cash 1064-5 (1065-7); three months 983-4 (987-8); settlement 1065 (1067). Final Kerb close: 987-8. Ring turnover: 9,075 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1058-9	+1.5	1068/1067
3 months	1053-3.5	+1.5	1054/1049

Official closing (am): Cash 1066-8.5 (1068-9); three months 1053-4 (1053.5-4.5); settlement 1066.5 (1066). Final Kerb Close: 1054-5.

Standard			
Cash	1067-9	+1	1068
3 months	1047.5-8.5	–0.5	—

Official closing (am): Cash 1068-70 (1068-70); three months 1045-50 (1050-2); settlement 1070 (107). US Producer prices: 8-84 cents per pound. Total ring turnover: 24,525 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	407-8	–4.5	403/402
3 months	380-1	–5.25	387/378

Official closing (am): Cash 41.5-2 (410.5-1); three months 378-9 (386-8.5); settlement 402 (411). Final Kerb close: 379-80. Ring turnover: 16,700 tonnes. US Spot: 38-42 cents per pound.

NICKEL

	Unofficial close (p.m.) £per tonne	+ or —	High/Low
Cash	3030-5	–30	3030
3 months	3055-60	–40	3100/3060

Official closing (am): Cash 3035-40 (3065-60); three months 3065-7 (3094-5); settlement 3040 (3060). Final Kerb close: 3065-8. Ring turnover: 2,658 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	500-1	–7	—
3 months	492-3	–5	494/491

Official closing (am): Cash 499-501 (507-8); three months 492-3 (500-500.5); settlement 501 (508). Final Kerb close: 492-3. Ring turnover: 6,625 tonnes. US Prime Western: 47.5-48.5 cents per pound.

Kuala Lumpur Tin Market: Close16.05 (16.08) ringgit per kg.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $ tonne	Calls Sept.	Calls Nov.	Puts Sept.	Puts Nov.
Aluminium 99.7%	—	—	—	—	—
Aluminium 99.5%	1,575	—	—	20½	72½
	1,600	51	46½	38	90½
	1,625	39½	38½	—	—
Copper (Grade A)	1,650	—	—	22½	59
	1,675	60	65	33	71½
	1,700	48	54	—	—
	£ tonne				
Copper (Grade A)	1,025	—	—	11	29
	1,050	33	37	20	31
	1,075	20	26	—	—

Estimates.

GOLD

GOLD BULLION (fine ounce)	July 24	
Close	$453-453½	(£281¾-282¼)
Opening	$453-453½	(£282¼-283¼)
M'n'g fix	$454.00	(£283.219)
Aft'n'n fix	$453.50	(£281.991)
Day's high	$454¼-454¾	—
Day's low	$452¼-453	—

GOLD AND PLATINUM COINS

Am Eagle	$464-469	(£288¼-291¼)
Mapleleaf	$467-470	(£290¼-292¼)
Kr'g'r'nd	$463-466	(£281¾-283¾)
½ Krug	$234¼-243¼	(£146-151¼)
¼ Krug	$116-124	(£72-77)
Angel	$464½-467½	(£289-290½)
1/10 Angel	$45¼-50¼	(£28¼-31¼)
New Sov.	$106¼-107¼	(£66-66¾)
Old Sov.	$106¼-107¼	(£66-67)
Noble Plat.	$589-599	(£366½-372½)

INDICES

REUTERS

July 24	July 23	M'th ago	Year ago
1624.8	1627.5	1614.0	1447.2

(Base: September 18 1931=100)

DOW JONES

Dow Jones	July 23	July 22	M'th ago	Year ago
Spot	127.67	127.79	—	126.25
Fut	126.86	126.59	—	115.64

(Base: December 31 1974=100)

SILVER

Silver was fixed 5p an ounce lower for spot delivery in the London bullion market yesterday at 478.8p. US cent equivalents of the fixing levels were: spot 765.25c, down 6.25c; three-month 781.4c, down 6.15c; six-month 794.95c, down 6.25c; and 12-month 824.85c, down 6.35c. The metal metal opened at 475½-478p (763-765c) and closed at 476-477½p (766-768c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	478.80p	–5.00	766c	–10
3 months	489.70p	–5.15	779c	–8
6 months	500.95p	–5.35	—	—
12 months	524.10p	–5.75	—	—

LME—Turnover: 9 (18) lots of 10,000 oz.
Three months high/low 779c, final kerb 780-3c.

COFFEE

After opening £10 higher as due, robustas traded quietly within a narrow range, reports Drexel Burnham Lambert. Despite a steady New York opening the market was unable to improve on levels as overhead trade selling pushed prices down to close at the day's low. With a lack of fresh fundamentals the market is still confined within the recently defined trading range.

COFFEE	Yesterday close	+ or —	Business done
July	1315-1320	+1.0	1334-1300
Sept	1245-1246	+2.0	1258-1246
Nov	1267-1268	+1.0	1280-1267
Jan	1291-1292	+5.5	1302-1291
Mar	1315-1318	+7.0	1324-1322
May	1336-1340	+7.5	1340-1344
July	1360-1379	+13.0	—

Sales: 2,431 (3,379) lots of 5 tonnes. ICO indicator prices (US cents per pound) for July 23: Comp. daily 1979 97.77 (96.77): 15-day average 96.27 (96.31).

COCOA

Volume of trade was light and futures drifted to close unchanged on the day. No physical interest was aparent from producers or consumers and even second-hand dealings were slight, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
July	1375-1377	+6.5	1375-1388
Sept	1347-1349	+1.0	1355-1342
Dec	1380-1381	–1.0	1390-1377
March	1405-1406	—	1410-1398
May	1422-1423	–1.0	1425-1418
July	1436-1442	–1.0	1442-1440
Sept	1454-1458	–0.5	—

Sales: 3,373 (4,415) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for July 24: 1681.82 (1679.72): 10-day average for July 27: 1702.73 (1702.89).

FREIGHT FUTURES

Although volume was slight futures experienced fairly wide swings with October as much as 28 points down during the day. However, buying at the lower levels emerged from the technical support area of 1040 for October for values to close with only minor losses. The BFI and the July contract differential have now narrowed as expiry is approached, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	972/975	979/973.5	978/985
Oct.	1056/1060	1070/1040	1056/1062
Jan.	1052/1060	1068/1050	1057/1075
Apr.	1060/1065	—	1070/1100
July	920/950	—	955/975
Oct.	1014.5	—	1030
Jan.	997.5	—	1010
April	1072.5	—	1090
BFI	972.5	—	969.5

Turnover: 235 (394).

GRAINS

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
Sep	100.00	+0.60	97.85	+0.15
Nov	102.00	+0.40	100.40	+0.15
Jan.	104.95	+0.50	103.25	+0.10
Mar	107.65	+0.40	105.60	+0.10
May	110.05	+0.35	107.30	+0.10
July	112.00	+0.60	—	—

LONDON GRAINS — Wheat: US dark northern spring no. 2 14 per cent, Aug 90.75, Sept 91.50, Oct 93.75. US no. 2 soft red winter, Aug 86.50, Sept 88.00, Oct 90.0 English feed fob, Sept 100.50/100.75, Oct/Dec 104.25/105.00, Jan/Mar 108.25/109.00 buyers/sellers. Maize: US no. 3, yellow/French transhipment east coast Aug 162.00. Barley: English feed, Aug 97.25/97.75, Sept 99.00/99.50, Oct/Dec 104.00/104.50 buyers/sellers, Jan/Mar 107.75 buyers.

Business done—Wheat: Sept 100.00-99.60, Nov 102.00-1.70, Jan 104.95-4.85, Mar untraded, May 11.00, July untraded. Sales: 243 lots of 100 tonnes.

Barley: Sept 97.95-7.30, Nov 100.40-0.20, Jan 103.25-3.10, Mar 105.50, May untraded. Sales: 246 lots of 100 tonnes.

POTATOES

A negligible change in Dutch plantings despite earlier rumours had only temporary effect on futures. Values bounced £2.00 immediately upon opening but came under heavy selling pressure and fell away, testing recent lows of £132.00 for April by mid-morning. Support here was eventually eroded and the market dropped another 50p to close at the day's lows, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	92.50	94.50	94.00-92.50
Feb.	101.50	103.00	—
Apr.	131.50	136.00	136.00-131.50
May	144.10	147.00	147.00-144.00

Sales: 947 (1,455) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel) August		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.50-17.70	–0.045
Brent Blend	19.50-19.55	–0.475
W.T.I. (1pm est)	20.85-20.95	–0.475
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	195-198	–1
Gas Oil	161-163	–2.5
Heavy fuel Oil	109-111	–4.5
Naphtha	159-171	–5

Petroleum Argus estimates

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or —	Business done
August	125.5-128.2	—	—
October	126.0-126.8	–0.10	126.8
Dec	126.1-126.6	–0.25	126.5
Feb	127.0-128.0	–1.10	128.0
April	126.0-128.5	–0.90	—
June	125.0-127.0	–0.85	—
August	126.0-127.0	–1.25	—

Sales: 120 (81) lots of 20 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.73p per kg lw (+0.44). GB—Sheep 196.61p per kg est dcw (+24.00). GB—Pigs 74.37p per kg lw (+1.80).

FUTURES—Pigs: Aug 96.80, Oct 102.10, Nov 103.30.

RUBBER

PHYSICALS — The London market opened unchanged, attracted little interest throughout the day and closed neglected, reports Lewis and Peat. Closing prices (buyers): Spot 69.50p (69.25p); Aug 68.75p (68.50p); Sept 68.75p (68.50p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg Rss No. 1 260.5 (same). SMR 20 221.5 (same).

SUGAR

LONDON DAILY PRICE—Raw sugar $148.60 (£92.80), down $8.00 (down £5.80) a tonne for August-September delivery. White sugar $168.60, down $6.00.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne		
Aug	153.5-151.0	155.5-150.0	156.5-157.4
Oct	158.2-158.4	154.4-154.6	157.2-155.4
Dec	141.8-142.0	148.5-141.0	—
Mar	148.5-148.8	147.5-147.8	150.5-148.0
May	152.2-152.4	151.5-151.8	152.5-152.2
Aug	155.5-157.0	155.4-155.5	157.0-154.8
Oct	159.5-161.0	158.5-158.5	159.5-157.0

Sales: 3,282 (3,943) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £196.00 (£201.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for July 23: Daily price 5.61 (5.69); 15-day average 6.24 (6.30).

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
Aug	163.25	–2.25	165.50-62.25
Sept	164.75	–2.75	167.25-64.50
Oct	167.00	–2.50	169.00-66.50
Nov	169.25	–2.50	171.25-68.75
Dec	171.50	–2.50	—

Turnover: 4,352 (3,365) lots of 100 tonnes.

US MARKETS

MIXED TRADE and local action steadied crude oil after early trade and local selling eased prices in a very choppy session with traders avoiding positions because of continued uncertainty in the Middle East, reports Drexel Burnham Lambert. Precious metals continued to be very quiet and traded in extremely narrow ranges with locals the major participants in featureless markets. Copper rose slightly on trade buying in the morning while locals steadied the market in the afternoon in very quiet action. Sugar firmed slightly on light local buying and trade short-covering as the market continued to consolidate in an uneventful trading session. Good early fund buying touched off commission house stops to rally coffee prices but trade selling later in the day weakened the market. Good commission house buying kept the cocoa market firm despite light selling by the trade. Cotton was higher on favourable export news prompting good buying by local traders. The gains were a little easier on early trade selling as overnight rains and forecasts for more of the same over the weekend discouraged traders from taking positions.

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
August	53.65	53.09	54.40	53.85
Sept	[illegible]	[illegible]	55.00	54.40
Oct	55.12	55.30	55.80	55.10
Nov	56.35	57.05	56.35	55.90
Dec	56.75	57.25	57.10	56.70
Jan	57.50	58.35	57.70	57.30
Feb	57.85	58.70	57.80	57.70
March	55.90	57.00	56.30	56.30
April	56.10	55.75	—	—
May	54.00	54.85	54.00	54.00

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
Sept	128.15	127.25	128.85	128.10
Nov	123.90	124.65	124.80	124.00
Jan	122.00	123.85	123.80	123.00
March	123.25	123.85	123.70	123.50
May	123.25	124.10	123.75	123.75
July	128.30	131.85	131.00	129.75
Sept	123.20	134.10	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
July	591.2	577.5	585.0	585.0
Oct	584.2	580.7	594.5	579.0
Jan	601.2	587.7	600.0	587.0
April	608.5	595.0	598.0	594.0
July	616.2	602.7	608.5	601.5
Oct	623.2	608.8	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
July	772.0	771.0	774.0	769.0
August	773.0	772.0	770.0	768.0
Sept	777.5	776.5	783.0	771.0
Dec	792.3	791.3	797.0	786.0
Jan	796.7	795.7	—	—
March	807.4	806.4	804.9	800.0
May	818.0	817.1	—	—
July	829.0	828.0	828.0	828.0
Sept	840.0	839.0	—	—

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
Sept	5.72	5.69	5.80	5.80
Oct	6.03	5.95	6.10	5.96
Jan	6.30	6.23	6.34	6.30
March	6.66	6.57	6.70	6.60
May	6.83	6.77	6.84	6.77
July	6.98	6.94	7.00	6.92
Oct	7.17	7.08	7.17	7.10

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
July	76.00	76.00	—	—
August	74.75	74.75	—	—
Sept	74.15	74.15	—	—
Dec	73.10	73.00	73.10	73.10
Jan	71.15	71.05	—	—
March	69.65	69.55	—	—
May	68.35	68.25	—	—
July	67.15	67.05	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
Sept	2047	2028	2055	2029
Dec	2070	2055	2081	2058
March	2101	2087	2108	2094
May	2125	2113	2128	2114
Sept	2167	2160	2167	2166
Dec	2185	2185	2195	2190

COFFEE "C" 37,500 lb; cents/lb

	Close	Prev	High	Low
Sept	106.53	106.96	108.50	106.25
Dec	109.34	109.80	110.95	109.25
March	112.25	112.53	113.75	112.00
May	113.51	114.30	114.90	114.00
July	115.75	115.59	116.00	116.00
Sept	116.51	117.09	117.90	117.90
Dec	120.27	119.13	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
July	78.30	77.70	78.80	77.80
August	77.15	76.85	—	—
Sept	76.40	76.10	76.85	76.05
Dec	74.10	73.90	74.60	73.75
Jan	73.75	73.55	74.00	74.00
March	73.00	72.80	73.35	72.70
May	72.65	72.45	72.80	72.60
July	72.50	72.30	72.60	72.60
Sept	72.60	72.40	—	—
Dec	72.70	72.50	—	—

COTTON 50,000 lb, cents/lb

	Latest	Prev	High	Low
August	21.70	22.20	22.10	21.55
Sept	20.71	21.23	20.98	20.65
Oct	20.48	20.95	20.68	20.43
Nov	20.37	20.81	20.55	20.32
Dec	20.34	20.73	20.50	20.27
Jan	20.26	20.68	20.45	20.25
Feb	20.31	20.65	20.40	20.22
March	20.28	20.62	20.40	20.27
April	20.20	20.60	20.30	20.20
May	20.20	20.59	20.20	20.20

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
August	21.70	22.20	22.10	21.55
Sept	20.71	21.23	20.98	20.65
Oct	20.48	20.95	20.68	20.43
Nov	20.37	20.81	20.55	20.32
Dec	20.34	20.73	20.50	20.27
Jan	20.26	20.68	20.45	20.25
Feb	20.31	20.65	20.40	20.22
March	20.28	20.62	20.40	20.27
April	20.20	20.60	20.30	20.20
May	20.20	20.59	20.20	20.20

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
July	454.0	455.1	—	—
August	454.5	455.7	455.3	453.5
Sept	457.1	458.3	457.0	456.0
Oct	460.0	461.2	460.8	459.0
Dec	465.5	466.6	466.4	464.5
Feb	471.2	472.3	472.0	470.0
April	476.8	477.9	477.0	475.0
August	488.7	489.8	488.5	487.0
Sept	482.5	—	483.2	483.2
Oct	495.0	496.1	495.5	495.5
Dec	501.3	502.4	501.5	501.0
Feb	507.8	508.9	507.9	507.9

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
August	60.50	60.27	60.72	60.22
Oct	58.22	58.72	59.32	58.82
Dec	61.12	60.75	61.42	60.80
Feb	62.00	62.02	62.50	61.92
April	63.00	63.25	63.65	63.00
June	62.60	62.95	63.25	62.60
August	60.80	61.35	61.35	60.80

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
August	55.30	56.20	56.25	55.25
Oct	46.82	46.37	47.30	46.70
Dec	46.17	45.92	46.45	45.90
Feb	44.50	44.62	45.10	44.40
April	41.72	41.80	42.02	41.72
June	43.22	43.40	43.50	43.20
July	60.30	60.45	61.90	58.95
August	42.82	42.65	43.00	42.82

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	Prev	High	Low
Sept	163.6	164.4	164.2	162.4
Dec	173.0	173.0	173.4	171.2
March	183.4	183.0	184.0	181.2
May	189.4	188.6	189.4	187.0
July	191.4	190.6	191.6	189.4
Sept	190.4	189.4	191.0	190.4
Dec	195.0	193.4	195.0	193.0

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
July	84.70	84.67	86.65	82.67
August	76.97	76.65	78.00	76.62
Feb	59.57	59.50	60.25	59.00
March	58.72	59.27	59.60	58.72
May	59.90	60.50	60.00	59.60

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
August	536.4	538.0	539.0	536.4
Sept	519.4	517.2	522.0	514.4
Nov	518.4	517.2	520.8	512.0
Jan	525.6	525.6	528.4	520.0
March	533.0	535.0	537.0	530.0
May	540.4	541.4	542.4	537.4
July	540.4	543.4	544.4	539.0
Sept	530.0	—	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
August	165.3	165.9	166.7	164.8
Sept	160.5	161.4	161.9	160.0
Oct	156.3	158.6	159.0	156.7
Dec	156.8	158.2	158.4	156.5
Jan	157.5	158.7	158.5	157.0
March	157.5	159.7	158.5	157.0
May	157.0	159.5	158.0	157.0
July	157.5	159.0	159.5	157.5
August	157.7	159.2	157.5	158.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
August	15.81	15.64	15.92	15.50
Sept	15.97	15.76	16.10	15.70
Oct	16.12	15.90	16.22	15.80
Dec	16.47	16.25	16.59	16.15
Jan	16.64	16.40	16.75	16.35
March	16.97	16.75	17.05	16.67
May	17.17	17.00	17.25	16.85
July	17.37	17.24	17.40	17.15
August	17.37	17.28	17.35	17.40
Sept	17.40	17.20	17.50	17.40

WHEAT 5,000 bu min. cents/60-lb bushel

	Close	Prev	High	Low
Sept	256.6	258.6	259.4	256.4
Dec	269.0	270.2	271.2	268.4
March	273.6	274.6	275.6	272.6
May	265.4	266.0	267.6	265.4
July	256.0	257.0	258.0	155.6

SPOT PRICES: Chicago loose lard 16.00 (same) cents per pound. Handy and Harman silver bullion 768.0 (775.0) cents per troy ounce. New York tin 298-304 (297-304) cents per pound.

NEW YORK

[illegible]

WALL STREET

Dow up 10 on rise in real GNP

MODERATELY HIGHER levels developed on Wall Street yesterday, following news that U.S. real gross national product rose 2.6 per cent in the second quarter. But the rise wasn't sufficient to touch off a significant gain, especially prior to pre-weekend position-squaring.

At 1 pm the Dow Jones Industrial Average was up 9.09 at 2481.03, reducing its loss on the week to 29.01, while the NYSE All Common index, at $173.40 rose 37 cents on the day but was off $3.27 on the week.

Trading volume 126.18m shares.

The market gained no support from US Treasuries and the dollar. Investors were watching the Gulf situation warily. Prior to the week-end, they expected little long positioning.

Raymond, James and Associates' chief technical analyst, Ralph Bloch, said possibly the most encouraging event for the market was the record one-day rise in the Tokyo Stock Exchange. He said enthusiasm from Japan spread into the US Stock Market. However, Bloch said breadth was still discouragingly narrow on the NYSE. He says the market is trying to rally, but lacks support.

Dayton Hudson advanced $4⅝ to $52¼—it said it was informed that a partnership led by investor Herbert Haft that Madison Partnership may buy 50 per cent, or more, of Dayton Hudson in the next 12 months. Traders said Dayton Hudson might take evasion action.

Bear Stearns, the most active issue, rose $¼ to $16¾—it completed an offering of 3.7m of its shares held by certain shareholders at a price of $16⅝ per share.

THE AMERICAN SE Market Value index lost 0.21 to 346.41, making a fall of 7.04 on the week. Trading volume 11.33m shares.

CANADA

Stocks remained moderately higher at midsession, basically holding levels reached in early trading, as markets looked to Wall Street for direction.

The Toronto Composite index added another 10.0 at 3956.00 and Metals & Minerals moved up 25.6 to 3259.5, but Golds shed 4.2 to 8741.9.

Falconbridge firmed ⅛ to $27½, despite its second quarter loss of $17.8m against 10m a year ago.

Bell Canada eased $⅛ to $41¼ — it reported "flat" second quarter earnings.

Algoma Steel rose $⅝ to $19⅛ on a second quarter earning of $6.6m, against a loss of $7m in the 1986 second quarter.

TOKYO

Share prices rocketed to their biggest one-day gain ever on widespread hopes the market has at least temporarily snapped out of its month-long depression, brokers said.

The Nikkei Dow market index soared 906.42 to 23,942.94 Thursday it rose 333.78 to 23,036.52, but it had fallen 1,300.37 in the previous four sessions. The previous record one-day gain was 604.54 on April 14, which pushed the index to 23,524.08.

Advances led declines eight-to-one yesterday in moderate turnover of 800m (500m) shares.

Securities Houses, Banks, Communications, Pharmaceuticals, Railways, Insurances, Gas, Warehouses, Real Estates, Foods, Retailers, Electronics, Constructions, and Glass/Cement shares moved up sharply.

Investment Trusts and Securities Houses bought shares heavily for the first time since the market entered the month-long depression on June 17.

AUSTRALIA

Australian markets, closed strong in record territory as investors put their weight behind leading Industrials.

Brokers said special situation stocks, particularly Elders IXL and Fairfax, gained the most attention. But a steady close in bullion overnight at US$454.80 an ounce was insufficient to buoy demand for Gold and Resources stocks.

The All Ordinaries index was 12.7 higher at a record 1,998.0 and the All Industrials 31.2 up at 2,870.4. The Gold market dropped 26.12 to 3,650.5 and the All Resources 1.2 to 1,330.9. Turnover was heavy as 134.01m shares worth A$283.98m changed hands.

HONG KONG

Sharply lower in fairly active trading on mounting selling pressure in the wake of World International's 1986-87 results.

The Hang Seng index was down 23.22 to 3,343.60 after rising more than 10 points in early trading, and the Hong Kong index shed 14.03 to 2,178.44. Turnover HK$1.53bn (HK$1.65bn).

The World International announced profits up 17 per cent to HK$422.7m, which was within market expectations, but triggered profit-taking across the board.

World International fell 20 cents to HK$4.275—its Wharf subsidiary also lost 20 cents to HK$9.20.

Cheung Kong group dipped 20 cents to HK$12.40 on speculation over its investment plans Cheung Kong lost 20 cents to HK$12.40 and Hutchison 30 cents to HK$13.30.

SINGAPORE

Share prices continued to fall over a broad front in active trading. The Straits Times Industrial index shed 11.81 to 1,361.75. Turnover 50m (53.3m) shares.

Brokers said prices rose initially on bargain hunting, but fell back later on profit-taking following heavy liquidation of First Capital Corp and Chuan Hup Marine shares.

First Capital fell 49 cents to S$1.74 on a huge volume of 7.3m shares and Chuan Hup lost 13 cents to S$2.20 on more than 3m shares.

First Capital was re-listed yesterday following a three-day suspension, after it said in a statement that its chairman and two other board members had been questioned by the Commercial Affairs Department of the Ministry of Finance.

Isetan firmed 75 cents to S$6.45 on its higher interim results.

GERMANY

Higher in moderate trading. Some operators covered short positions in a technical upward reaction to the steep losses of the last three days.

The record gain in Tokyo, underlying favourable sentiment and a steady dollar also gave technical support.

Concern over bank profits lessened. Major banks are due to publish half-year figures next week.

The Commerzbank index of 60 leading shares, calculated at midsession, rose 7.4 to 1,935.0, but was still 25.7 down on the week.

In Autos, Daimler rose DM 16 to 1,153, VW DM 10 to 391, BMW DM 6 to 697 and Porsche DM 15 to 1,005.

Chemicals also gained ground across the board.

PARIS

French share prices continued to gain in active late trading on the first day of the new accounting month. Gain led losses 128-to-18.

The optimistic outlook of many dealers was buoyed by the possibility of a cut in the intervention rate and by the steady dollar, while the market reacted relatively calmly to news of a mine in the Gulf yesterday

SWITZERLAND

Swiss shares ended mixed on declined turnover as a reaction to a price slump in Nestle shares after it forecast that it expected to be able to hold profits at last year's level.

Nestle Bearer posted a 4 per cent-loss, while its Registered shares and Participation Certificates fell slightly.

Chemicals were generally much in demand, although the favourable interim results reported by Sandoz did not result in a price increase. Sandoz Bearer fell FFr 50 to 14,100, its Registered ended unchanged at FFr 5,250.

Closing prices for North America and Canada were not available for this edition.

CANADA

July 23	Price Can. $	+ or −
Abitibi	32⅞	−⅛
Abitibi Res	0.20	......
AMCA Intl.	12⅛	−⅛
Agnico Eagle	35¼	+⅛
Alberta Energy	22⅝	−⅛
Alcan Aluminium	45¼	+1
Algoma Steel	18⅞	......
Can Cement Pf.	17¼	+⅜
Can NW Energy	26	......
Can Packers	16⅛	−⅛
Can Trustco	74	+1
Can Imp Bank	22⅛	−⅛
Can Pacific	29⅝	−⅛
Can Tire A	15	−⅛
Dome Petroleum	1.12	−0.01
Macmillan Bloedel	27⅞	+⅛
Magna Intl	23⅞	+⅜
McIntire Mines	55.5	+3.5
Mitel Corporation	6	−⅛
Ranger Oil	8⅛	−⅛
Reed Stenh'se A	32	+⅛
Royal Bank	35⅛	−⅛
Royal Trust A	18	......
Sceptre Res	4.95	−0.05
Seagram	101⅞	+⅛
Sears Can Inc	12½	+⅛
Shell Canada Oil	48	+⅛
SHL Systemhouse	25¼	−⅛
[illegible]	[illegible]	[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

Indices

NEW YORK

DOW JONES

[illegible]

TRADING ACTIVITY

[illegible]

CANADA

[illegible]

AUSTRALIA · AUSTRIA · BELGIUM · DENMARK · FINLAND · FRANCE · GERMANY · HONG KONG · ITALY · JAPAN · NETHERLANDS · NORWAY · SINGAPORE · SOUTH AFRICA · SPAIN · SWEDEN · SWITZERLAND · WORLD

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

CURRENCIES & MONEY

FOREIGN EXCHANGES

US GNP fails to impress

DOLLAR TRADING became a little confused ahead of the weekend in London yesterday. US second quarter GNP figures showed a rise of 2.6 per cent which were towards the top end of expectations but early analysis suggested that a run-down in non-farm business inventories was offset by a build-up in farming inventories, suggesting a GNP rise of nearer 1 per cent.

In addition inflation, as measured by the implicit price deflator, rose by an annualised rate of 3.8 per cent, above expectatons of 3.5 per cent.

It was debatable how much of this analysis fed through to the market and the current preoccupation with trading on chart levels tended to suggest that the true economic picture would fail to be reflected in the dollar's value.

In addition the recent narrowing of interest rate differentials between US and Japanese bonds created the possibility of a decline in overseas participation in next month's US Treasury refunding package.

The dollar fell against the yen to Y149.90 from Y150.75 but was little changed against the D-Mark at DM 1.8535 from DM 1.8545. Elsewhere it finished at SFr 1.5355 from SFr 1.5365 and FFr 6.1675 compared with FFr 6.1725. On Bank of England figures, the dollar's exchange rate index was unchanged at 103.7

Sterling showed little overall change and its exchange rate index ended at 72.7, unchanged from the opening and Thursday's close. The pound remained on the sidelines as attention focussed on US GNP figures.

The pound closed at $1.6040 from $1.6045 and DM 2.9725 compared with DM 2.9750. Against the yen it slipped to Y240.50 from Y241.75. Elsewhere it finished at SFr 2.4625 from SFr 2.4650 and FFr 9.8925 compared with FFr 9.9050.

D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7690. June average 1.8186. Exchange rate index 146.3 against 147.9 six months ago.

Trading in Frankfurt failed to break away from its usual pre-weekend apathy despite news about a protected Kuwaiti tanker hitting a mine and 2nd quarter GNP figures above the worst expectations. The dollar closed at DM1.8525 down from DM1.8565 on Thursday. Chart levels tended to suggest that the dollar retained some upward potential next week and the possibility of further conflict in the Middle East added underlying support.

JAPANESE YEN — Trading range against the dollar in 1987 is 159.45 to 138.35. June average 144.52. Exchange rate index 214.3 against 209.0 six months ago

An inability to push beyond Y153 prompted a turn in dollar sentiment in Tokyo yesterday. The US unit touched a high of Y153 but failed to attract any follow through buying. Consequently it fell back to close at Y150.70 from Y151.25 in New York and Y151.50 in Tokyo on Thursday.

Traders suggested that next week the dollar could be confined to a slightly lower trading range. In addition there was some uncertainty ahead of the next US Treasury refunding package early in August.

£ IN NEW YORK

July 24	Latest	Previous Close
£ Spot	1.6070-1.6080	1.6020-1.6030
1 month	0.32-0.31 pm	0.33-0.32 pm
3 months	0.85-0.82 pm	0.98-0.96 pm
12 months	2.67-2.57 pm	3.25-3.20 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	July 24	Previous
8.30 am	72.7	72.7
9.00 am	72.7	72.7
10.00 am	72.7	72.7
11.00 am	72.6	72.7
Noon	72.7	72.7
1.00 pm	72.7	72.7
2.00 pm	72.8	72.7
3.00 pm	72.8	72.7
4.00 pm	72.7	72.7

POUND SPOT—FORWARD AGAINST THE POUND

July 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5985-1.6095	1.6035-1.6045	0.30-0.27c pm	2.13	0.89-0.84 pm	2.16
Canada	2.1312-2.1510	2.1470-2.1480	0.09-0.01c dis	0.28	0.21-0.08 pm	-0.27
Netherlands	3.34¼-3.35¼	3.34¼-3.35¼	1⅛-⅞c pm	3.13	3⅛-3 pm	3.81
Belgium	61.57-61.90	61.80-61.90	13-12c pm	2.43	42-39 pm	2.62
Denmark	11.26¼-11.31	11.27-11.28	⅛-1¼ ore dis	-0.93	2¼-3 dis	-0.93
Ireland	1.1085-1.1135	1.1120-1.1130	Par-0.10p dis	-0.60	0.05-0.20 dis	-0.50
W. Germany	2.96¼-2.98	2.96¼-2.97¼	1⅜-1⅛ pf pm	5.05	4-3¾ pm	5.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 61.80-61.90. Six-month forward dollar 1.75-1.70 c pm. 12-month 3.12-3.02 pm.

CURRENCY RATES

[illegible]

*CS/SDR rate for July 24; 1.40192

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.35-38.45

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

EURO-CURRENCY INTEREST RATES

[illegible]

Long-term Eurodollars: Two years 8-8¼ per cent; three years 8⅛-8¼ per cent; four years 8¼-8⅜ per cent; five years 8¼-9 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

July 24	£	$
Argentina	3.0845-3.0970	1.9200-1.9270
Australia	2.2675-2.2705	1.4125-1.4135
Brazil	72.8900-73.2800	45.3700-45.5970
Finland	7.1950-7.2155	4.4820-4.4850
Greece	222.70-226.50	139.15-141.60
Hong Kong	12.4500-12.5600	7.8075-7.8085
Iran	118.15*	72.30*
Korea (Sth)	1289.00-1300.65	804.70-811.30
Kuwait	0.45450-0.45700	0.28410-0.28420
Luxembourg	61.55-61.65	38.35-38.45
Malaysia	4.0600-4.0900	2.5420-2.5470
Mexico	2231.65-2255.55	1390.00-1404.00
N. Zealand	2.6795-2.6870	1.6690-1.6715
Saudi Ar.	6.0270-6.0325	3.7505-3.7515
Singapore	3.3700-3.4000	2.1100-2.1150
S. Af. (Cm)	3.3180-3.3340	2.0620-2.0660
S. Af. (Fn)	5.3110-5.4920	3.3060-3.4185
Taiwan	49.70-49.95	31.05-31.15
U.A.E.	5.9015-5.9070	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

July 24	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.604	2.973	240.5	9.893	2.468	3.346	2151.	2.148	61.60
$	0.623	1.	1.854	149.9	6.168	1.536	2.087	1341.	1.339	38.40
DM	0.336	0.540	1.	80.91	3.328	0.828	1.126	723.6	0.722	20.72
YEN	4.158	6.669	12.36	1000.	41.13	10.24	13.92	8944.	8.929	256.1
F Fr.	1.011	1.621	3.003	243.1	10.	2.489	3.384	2174.	2.171	62.27
S Fr.	0.406	0.651	1.207	97.66	4.017	1.	1.359	873.5	0.872	25.02
H Fl.	0.299	0.479	0.888	71.84	2.955	0.736	1.	642.6	0.642	18.40
Lira	0.465	0.746	1.382	111.8	4.599	1.145	1.556	1000.	0.998	26.64
C $	0.466	0.747	1.384	112.0	4.607	1.147	1.559	1002.	1.	26.68
B Fr.	1.623	2.604	4.825	390.4	16.06	3.998	5.434	3492.	3.486	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

UK rates steady but nervous

INTEREST RATES showed little overall change in London yesterday. Sterling's steadier performance after disappointing bank lending and trade figures restored a little confidence and three-month interbank money finished at 9¼-9⅛ per cent compared with 9¼-9$\frac{3}{16}$ per cent.

Weekend money opened around 7¾ per cent and eased initially to a low of 6½ per cent before coming back on the revised forecast to 10¼ per cent. Late balances were taken at 8 per cent.

UK clearing bank base lending rate 9 per cent since May 8

Traders were now less than optimistic about a change in base rates unless the move was upwards. However yesterday's more mature performance by the pound tended to add weight to the sentiment that without outside influences, interest rates were unlikely to change in the short term.

The Bank of England forecast a shortage of around £800m with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £267m and Exchequer transactions a further £215m. There was also a rise in the note circulation of £290m and banks brought forward balances just £5m below target.

The forecast was revised to a shortage of around £900m and the Bank gave assistance in the morning of £32m through outright purchases of eligible bank bills in band 4 at 8⅞ per cent.

A further revision took the forecast to a shortage of around £1,000m, before taking into account the earlier help and the Bank gave additional assistance in the afternoon of £506m, comprising outright purchases of £17m of eligible bank bills in band 3 at 8⅞ per cent and in band 4 £13m of Treasury bills and £476m of eligible bank bills all at 8⅞ per cent.

Late help came to £30m, making a total of £928m.

Disillusion after bank lending and trade figures saw the average rate of discount rise to 8.8442 per cent at the weekly Treasury bill tender, up from 8.7823 per cent. The £400m of bills on offer attracted bids of £1,615m against 1,136m for a similar amount the previous week and all bills offered were alloted.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 24) 3 months U.S. dollars		6 months U.S. dollars	
bid 6⅞	offer 7	bid 7⅛	offer 7¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

July 24	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.80-3.90	3.75-3.90	3.75-3.90	3.75-3.90	3.90-4.05	5.0
Paris	7½-7⅝	7⅝-7¾	7$\frac{11}{16}$-7$\frac{13}{16}$	7$\frac{11}{16}$-7$\frac{13}{16}$	8$\frac{3}{16}$-8$\frac{5}{16}$	7½
Zurich	⅞-1⅛	3½-3¾	—	3⅞-4	—	—
Amsterdam	5$\frac{3}{16}$-5⅛	5⅛-5¼	—	5$\frac{3}{16}$-5$\frac{5}{16}$	—	—
Tokyo	3.21875	3.53125	—	3.71875	—	—
Milan	10⅞-11⅛	10¾-11¼	—	10⅞-11⅛	—	—
Brussels	7.00	6⅜-6½	—	6$\frac{3}{16}$-6$\frac{13}{16}$	—	—
Dublin	7½-8	9¼-9½	9½-9⅝	9⅝-9⅞	10½-10¾	—

LONDON MONEY RATES

July 24	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10¼-6½	8⅞	8$\frac{13}{16}$-8¾	9⅛-9⅛	9⅝-9$\frac{7}{16}$	9⅞-9$\frac{11}{16}$
Sterling CDs	—	—	8$\frac{13}{16}$-8$\frac{11}{16}$	9$\frac{3}{16}$-9$\frac{1}{16}$	9½-9⅜	9⅝-9½
Local Auth'rity Deps.	7½	—	8¾	9$\frac{1}{16}$	9$\frac{5}{16}$	9¾
Local Authority Bonds	—	—	9$\frac{3}{16}$	9$\frac{5}{16}$	9$\frac{7}{16}$	9½
Discount Mkt Deps.	9½-7½	8¾	8¾	8⅞	—	—
Company Deposits	8½	—	8¾-9	9¼	[illegible]	9⅞
Finance House Deposits	—	—	8⅞	9¼	9½	9⅞
Treasury Bills (Buy)	—	—	8$\frac{11}{16}$	8$\frac{13}{16}$	—	—
Bank Bills (Buy)	—	—	8$\frac{13}{16}$	8$\frac{15}{16}$	[illegible]	—
Fine Trade Bills (Buy)	—	—	9$\frac{3}{16}$	9$\frac{5}{16}$	[illegible]	—
Dollar CDs	—	—	6.75-6.70	6.90-6.85	7.10-7.05	7.55-7.50
SDR Linked Deposits	—	—	6-5⅞	6$\frac{1}{16}$-5$\frac{15}{16}$	6$\frac{7}{16}$-6$\frac{5}{16}$	6$\frac{11}{16}$-6$\frac{7}{16}$
ECU Linked Deposits	—	—	6$\frac{11}{16}$-6$\frac{5}{16}$	6⅞-6¾	7-6⅞	7⅛-7

Treasury Bills (sell); one-month 8$\frac{11}{16}$ per cent; three-months 8$\frac{11}{16}$ per cent; Bank Bills (sell): one-month 8$\frac{11}{16}$ per cent; three months 8⅞ per cent; Treasury Bills; Average tender rate of discount 8.8442 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 30, 1987. Agreed rates for period July 26 to August 25, 1987, Scheme I: 10.47 p.c., Schemes II & III: 10.17 p.c. Reference rate for period May 30 to June 30, 1987, Scheme IV: 8.940 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9 per cent from July 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 9 per cent; six-nine months 9¼ per cent; nine-12 months 9¼ per cent; Under £100,000 8 per cent from July 16, Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Gilts weak as shares rally cautiously

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
July 13	July 23	July 24	Aug 3
Jul 27	Aug 6	Aug 7	Aug 17
Aug 10	Aug 20	Aug 21	Sept 1

* New time dealings may take place from 9.00 am two business days earlier.

The UK stock market ended the two-week trading account with a somewhat unconvincing technical rally, encouraged by firmness overnight in Tokyo and New York. But the gild-edged sector was a touch easier on disturbing news from the Gulf of Oman and equities had a very subdued session.

The FT-SE 100 index closed a net 6.7 up at 2346.9, having failed to hold an initial gain of 10 points. The FT Ordinary Index added 8.9 to 1845.0.

This week has seen the FT-SE index fall by 81 points as the disclosure of higher UK bank lending and a substantial trade deficit has raised fears that domestic interest rates could be forced higher this autumn. Selling of equities has been modest, but Gilts closed weakly last night, with interest rate worries still running high. Losses of more than four points in Gilts this week encouraged rumours—denied yesterday—that a major US house might withdraw from trading in UK Government bonds.

Oil shares gave ground despite a jump in crude oil prices on news that a US-flagged tanker had hit a mine in the Gulf. Gilts opened a shade off on the news, although the cynics said "had it been a missile, it would have had more impact—on the market of course."

The equity sector's early gain of 10 FT-SE points was quickly cut back as prices lost confidence in the face of easier Gilt-edged and a lack of buyers for the blue chip shares. For the rest of the session, share prices struggled upwards again, helped in the final hour by some buying for the new trading account.

Overseas funds stayed out of the market, and it was left to domestic investors to seek out bargains. Bank shares could make no headway as the sector absorbed the sector's interim trading results, featured yesterday by figures from Lloyds Bank.

The recent privatisation issues had a lacklustre session as the City braced itself for next week's trading start for BAA. British Telecom showed little change on a small turnover of 3.1m shares, and a small gain in British Gas reflected similarly unexciting turnover of 13m.

Government bonds ended a net ⅛ or so off. Trading was light but professional traders sounded very apprehensive. After opening lower, prices steadied after the announcement of the US GNP figures for the second quarter, which weakened the dollar and thus helped sterling. But the pound softened again before the close and Gilts found few takers.

Sedgwick Group, the UK's largest insurance broker, were again the subject of considerable takeover speculation and spurted 12 to 337p after a turnover of 3.5m shares.

The latest bout of speculation was triggered by rumours that a 39 per cent stake in Sedgwick held by the Los Angeles insurance group Transamerica Corporation had changed hands outside the market, as a prelude to a full scale bid for the company.

GKN moved ahead strongly, closing 20 higher at 386p on a combination of "new-time" buying and traded option demand as BTR bid hopes resurfaced. Some 3.2m shares changed hands yesterday.

Hawker, also regarded as a possible bid target for BTR, were noteworthy for a gain of 13 at 584p, but the volume of turnover was only small.

Lloyds Bank shares gyrated following the interim results which were just below the general level of analysts forecasts pre the massive £1.07m provision for third world debts. The share price initially moved up to around 417p on the news but a subsequent flurry depressed the price to 402p before a late rally prompted a closing level of 409p, for a net loss of a penny. Turnover in Lloyds was 4.2m shares. Securities house BZW said the shares had few attractions in the short term, but Wood Mackenzie said the weakness of the shares represented a buying opportunity.

Midland Bank, given a hard time in the Press after Thursday's figures, settled 5 lower at 622p. NatWest, due to announce their results on Tuesday, held around 755p while Barclays performed strongly and closed a net 12 up at 640p; Barclays figures are scheduled for Thursday.

The Scottish banks again attracted good interest with Royal Bank particularly favoured amid widespread bid speculation and finally 7 firmer at 438p; Savory Miln were again said to be good buyers of the stock. Bank of Scotland added 6 at 619p. Merchant banks showed Morgan Grenfell 7 harder at 536p as recent profit-taking dried up. Kleinwort Benson, like Morgans regarded as a prime bid target, dipped 7 to 590p.

The life issues were given a boost by a strong recommendation by Warburg Securities in their influential Friday Equity Briefing. Prudential were especially in demand and moved up ⅛ to £10¼, as were Legal and General, which put on 5 to 326p. Bid speculaion and Press comment lifted Royal Insurance 3 to 558p. Sun Alliance, helped by talk that America's Chubb Corporation has increased its stake in the group to 10 per cent, rose a further ⅛ to £10⅝.

Breweries provided several noteworthy movements. Whitbread A, currently on Morgan Grenfell Securities buy list, were supported and put on 11 to 365p, Scottish and Newcastle, an old takeover favourite, firmed 6 to 257p. Bass closed unaltered at £10$\frac{1}{16}$ in the wake of the company's announcement that it had sold its entire interest (some 6.9m share) in Yorkshire TV to a number of institutions. Elsewhere, H. P. Bulmer came to life with a rise of 10 at 218p.

Leading Buildings, having sustained fairly hefty losses earlier in the week on interest rate worries, staged a minor rally on thoughts that the sector had been oversold. Blue Circle picked up 8 at 505p, while Redland recovered 12 at 540p. Tarmac were a better market at 306p, up 5 and BPB Industries improved 5 to 338p. Costain revived strongly amid rumours that Cons Gold had built up a near 5 per cent stake and the close was 28 higher at 361p. Barratt Developments were also the subject of revived speculative buying and put on 8 to 231p. Elsewhere, Wiggins attracted fresh support and firmed 10 to 287p, a two-day rise of 17. Stanley Miller were bought on market rumours of a link-up with high-flying property company Helical Bar and gained 10 to 136p. Helical Bar rose 25 to 280p.

Sumrie, one of the market's best performers over the wek, leapt 60 more to 193p as a "concert party" headed by Anthony Greystoke's City of Westminster Financial announced it had acquired a 28.6 per cent stake in the group. Press comment triggered good support for Harris Queensway, up 10 at 229p while persistent talk that a major asset sale is imminent, prompted renewed strength in Storehouse, up 8 at 325p.

Among the leading electricals International Signal were prominent and put on a further 6 to 231p still boosted by the chairman's optimistic statement at the annual meeting held on Thursday. Perisistent talk that the company is about to announce a major acquisition in the US kept interest at a high level in GEC where the shares settled a shade up at 241p after a turnover of 6.4m shares. Adverse Press comment unsettled Plessey, which slipped 4 to 206p. FKI, a weak market since it announced the bid for Babcock International earlier in the week, rallied 4½ to 181½p. Thermal Scientific jumped 11 to 353p in response to the good start to the current year's trading.

Victor Products, down 28 at 162p, gave up most of the previous day's rise which followed news of NEI's increased stake in the company. Elsewhere in the Engineering sector, demand persisted for Downiebrae, up 3 more at 201p, on asset injection hopes, while Press comment on recover potential left MS International 9 to the good at 117p. CI Group, which announced a change in financial advisers and brokers to the company, edged up to close 3½ dearer at 92½p.

Ranks Hovis McDougall continued to attract support on Goodman Fielder bid speculation and closed 12 higher at 349p, a two-day rise of 20p. Cadbury Schweppes added 3 to 274p and Tate and Lyle rallied 2 to 892p, while Hillsdown, considered cheap in certain quarters following the acquisition of Fairview New Homes, put on 8 to 313p. One the other hand, Northern Foods came on offer following the annual meeting and closed 17 off at 297p, while Unigate, firm on Thursday reflecting revived speculative demand, eased 4 to 414p. Among Retailers, Dee Corporation picked up a few pence at 228p following comment on the preliminary figures. John Perkins Meats gained 52 more to 143p, a two-day rise of 67p, following confirmation that ANZ merchant bank had purchased Sims' 23.4 per cent stake.

Movements in the miscellaneous industrial leaders rarely exceeded a few pence either way. Elsewhere, favourable comment on the preliminary figures promperted a modest rivival in F.H. Tomkins at 297p. Elbief, in contrast, came under fresh selling pressure following the poor annual results and tumbled 10 further to 63p. Press mention enlivened interest in Cresta Holdings which put on 19 to 222p, while further consideration of the US avionics acquisition left Smiths Industries a few pence better at 327p. Reuters drifted back to close 5 down at 868p awaiting Monday's interim figures; analysts are forecasting pre-tax profits of around £70m for the half-year. Furthr bid speculation left Amari up 5 more at 214p, while Low and Bonar improved 5 to 308p following half-year figures from Bonar Inc of Canada.

Among the motors sectors, Lucas took a modest turn for the better and regained 6 to 722p. T. Cowie, a strong market earlier in the week on expansion, edged up 3 more to 995p.

Brazle met with a revival of buying interest and gained 9 to 274p. Mr Tony Willis, analyst with Shearson Lehman Securities, is currently recommending the shares and suggests that the market has ignored the company's prospects for organic growth under a highly thought of management team.

A volatile week in the Property sector finished with prices moving higher i line with the general trend before easing back in the absence of sustained support. Nevertheless, Land Securities registered a gain of 6 at 560p and MEPC picked up a similar amount at 540p. Peachey gained 7 to 427p on asset value considerations and Great Portland Estates improved a like amount to 306p. Property Security Investment Trust revived with a gain of 8 at 234p, while Marler Estates, boosted by new time interest, rose ½ to £12½.

In the Textile sector, Corah met with support an put on 16 to 122p, while CoxMoore, formerly Harold Ingram, encountered fresh demand and gained 5 to 190p.

Revived buying on property expansion homes left Glen Abbey 40 to the good at 280p.

In the trust sector, James Ferguson moved up strongly ahead of the results which are due at the beginning of next week. Also active were Chancery Securities, a further 15 up at 333p, a net gain of 28p over the past two days since the board disclosed news of a £4m acquisition.

The rest of the trust sector had a subdued session as investors shied away from the fall in net asset values over the past week, which has seen a substantial fall in the London stock market as worries over domestic interest rate have fuelled a technical shakeout.

News that the Kuwaiti tanker Bridgeton had hit an underwater mine in Gulf waters saw crude oil prices and share prices edge higher at the outset. However, this trend was reversed later in the day and a fairly sharp fall in oil prices in the afternoon prompted widespread selling of the leading shares in the sector, before a minor late rally.

British Gas rose to 187p before easing to close a net 4 at 186p while BP closed 3½ at 376p and Shell ½ off at £14½; BZW is recommending a switch from BP into Royal Dutch/Shell, and is bullish on Ultramar, Tricentrol and Enterprise. Ultramar, where the shares have raced up recently on talk that "down-under" interests have been increasing their stake in the company, dipped 10 to 293p. LASMO were a feature in the sector, with the shares surging 13 to 387p, a year's high, in the wake of a strong buy recommendation from Chase Manhattan Securities who were aggressive buyers of the shares for much of the session.

Gold shares closed easier in London despite news of the mining of a US-flagged tanker in the Gulf of Oman. Dealers ascribed falls in Consolidated Gold Fields and RTZ to profit-taking at the end of a London market trading account which has brought substantial gains in both share prices.

Gold producer issues had a lacklustre trading session, and ended with minor losses. Significant selling orders came from the US funds following the latest GNP statistics from Washington. The FT Gold Mines Index ended 4.7 off at 442.8.

Turnover in traded options was drastically reduced and half that of Thursday. Calls numbering 22,209 and puts of 7,367 gave a total of 29,576 contracts, compared with Thursday's total of 59,054 contracts and Wednesday's 71,508.

GEC, an active market all week following the profits upgrading by Chase Manhattan Securities announced on Monday and the prospect of a major US acquisition in the near future, attracted 2,289 calls and 410 puts.

FINANCIAL TIMES STOCK INDICES

	July 24	July 23	July 22	July 21	July 20	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	89.35	89.37	89.54	90.36	90.78	89.19	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.90	97.00	97.39	97.52	98.53	96.03	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1845.0	1836.1	1832.4	1872.0	1889.6	1263.7	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	442.8	447.5	446.3	437.1	424.8	196.7	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.12	3.13	3.13	3.07	3.04	4.36				
Earnings Yld.%(full)	7.58	7.61	7.60	7.45	7.40	10.43				
P/E Ratio (net) (*)	16.22	16.15	16.17	16.49	16.61	11.67				
SEAQ Bargains (5 pm)	58,915	49,687	45,720	49,371	57,964	—				
Equity Turnover (£m)	—	2103.37	2013.98	1615.67	1562.29	521.66				
Equity Bargains	—	57,365	58,757	60.081	73,592	19,574				
Shares Traded (ml)	—	—	747.4	630.2	828.2	238.2				

S.E. ACTIVITY

Indices	July 23	July 22
Gilt Edged Bargains	152.6	164.1
Equity Bargains	371.7	380.7
Equity Value	4251.5	4070.8
5-Day Average		
Gilt Edged Bargains	153.5	158.2
Equity Bargains	415.4	496.8
Equity Value	3696.7	3765.1

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1835.2	1828.6	1816.7	1823.3	1822.8	1832.8	1839.6	1832.2

Day's High 1839.6 Day's Low 1814.1. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.85.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

[illegible]

July 24. Total Contracts 29,576. Calls 22,209. Puts 7,367. FT-SE Index Calls 950 Puts 1,618. *Underlying security price.

Traditional Options

- First dealings July 20
- Last dealings July 31
- Last declaration Oct 22
- For Settlement Nov 2

For rate indications see end of London Share Service

Call options were taken out in Godfrey Davis, Thames Mining, Ossory Estates, Bula Resources, Sheraton, Rotaprint, Persimmon, Charles Baynes, St Modwen, Owners Abroad, Pavion, Abaco, Highgate and Job, Simon Engineering, Mount Charlotte, Parkdale, Barratt Developments, J. Israel, Norfolk Capital, Blacks Leisure, Wellcome, Ferranti, Mountleigh, Wilson Connolly and Morgan Grenfell. A put was arranged in Mountleigh, but no double options were reported.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (148)

BRITISH FUNDS (1), AMERICANS (4), BANKS (7), BREWERS (2), BUILDINGS (6), CHEMICALS (6), STORES (6), ELECTRICALS (11), ENGINEERING (7), FOODS (7), INDUSTRIALS (34), INSURANCE (2), LEISURE (2), MOTORS (5), NEWSPAPERS (2), PAPERS (5), PROPERTY (3), SOUTH AFRICANS (3), TEXTILES (1), TRUSTS (12), OILS (7), PLANTATIONS (1), MINES (15), THIRD MARKET (1).

NEW LOWS (6)

LOANS (2), N'wide 8$\frac{15}{16}$pc 20.6.88, Do. 3⅞pc IL Ln 2021, BANKS (1), Cie B'cre, ELECTRICALS (2), Microlease, Rodime, TRUSTS (1), Biotechnology Invs.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ф Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks - No. of bargains included 8

Greater London Council 6¾% Stk 90/92 - £90¼

Birmingham District Council 11½% Red Stk 2012 - £114 (21Jy87)

Liverpool Corp 2½% Red Stk 1923(or after) - £22 (17Jy87)

Manchester Corp 1891 3% Red Stk 1941(or after) - £24 (21Jy87)

Newcastle-Upon-Tyne(City of) 11¼% Red Stk 2017 - £109

Iceland(Republic of) 14½% Ln Stk 2016 - £130¾ (22Jy87)

Inco Ltd 15¾% Uns Ln Stk 2008 $ Rep Opt - £131½ ¾

Inter-American Development Bank 9¾% Ln Stk 2015 - £96¾ ¾ ½ 7

International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) - £96 ½

11.5% Ln Stk 2003 - £112¼

Ireland 12½% Ln Stk 2008(Reg) - £114½ 5 ½

New Zealand 11½% Stk 2014(Reg) - £110 ¼ ¾ ½ ¾

Nova Scotia(Province of) 11¾% Ln Stk 2019 - £111½

Continued on page 14

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JULY 23 1987					WEDNESDAY JULY 22 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	148.28	+1.2	137.01	139.01	2.85	146.51	136.23	137.25	148.28	99.92	72.31
Austria (16)	98.63	-2.0	91.13	94.91	2.17	100.67	93.61	97.35	101.62	85.53	87.07
Belgium (48)	126.35	+0.6	116.75	120.28	3.98	125.60	116.79	119.56	126.72	96.19	81.58
Canada (132)	135.76	-0.4	125.45	130.65	2.15	136.33	126.77	130.36	138.59	100.00	94.89
Denmark (39)	113.15	+0.6	104.55	108.15	2.55	112.44	104.55	108.05	124.10	98.18	92.84
France (121)	106.90	+1.1	98.78	103.51	2.72	105.69	98.28	102.75	121.82	98.39	88.62
West Germany (92)	97.56	-0.5	90.15	94.06	2.00	98.02	91.14	94.94	100.33	84.00	80.86
Hong Kong (45)	134.93	-0.3	124.68	135.26	2.67	135.30	125.80	135.63	135.36	96.89	73.22
Ireland (14)	137.31	-1.6	126.88	133.94	3.33	139.61	129.81	136.80	145.41	99.50	92.12
Italy (76)	96.31	-1.3	88.99	96.53	1.87	97.56	90.71	98.07	112.11	93.47	88.77
Japan (458)	127.40	+2.8	117.72	121.40	0.55	123.93	115.23	119.31	161.28	100.00	91.50
Malaysia (36)	182.55	-1.1	168.68	179.27	2.09	184.55	171.59	181.26	186.58	98.24	77.02
Mexico (14)	309.04	+3.6	285.56	470.01	0.63	298.21	277.28	454.51	309.04	99.72	55.33
Netherland (38)	126.70	+0.0	117.08	120.81	3.64	126.71	117.81	121.30	127.97	99.65	89.39
New Zealand (26)	109.97	+0.5	101.62	95.93	3.00	109.38	101.70	95.20	109.97	83.93	72.73
Norway (24)	151.92	+1.3	140.37	139.70	1.94	149.96	139.44	138.36	152.14	100.00	92.38
Singapore (27)	162.32	-0.8	149.98	158.32	1.57	163.66	152.18	159.63	163.97	99.29	75.94
South Africa (61)	184.62	+3.3	170.59	133.43	3.01	178.67	166.13	132.42	186.74	100.00	72.93
Spain (43)	128.88	+0.6	119.09	123.95	3.24	128.07	119.08	123.70	128.90	100.00	83.07
Sweden (33)	118.67	+1.0	109.66	113.40	2.03	117.50	109.25	112.71	124.68	90.85	90.23
Switzerland (53)	103.28	+0.6	95.44	98.38	1.68	102.65	95.45	98.33	104.06	92.01	80.47
United Kingdom (336)	153.46	+0.3	141.80	141.80	3.05	152.96	142.22	142.22	162.87	99.65	93.94
USA (591)	125.42	-0.4	115.89	125.42	2.89	125.88	117.04	125.88	128.24	100.00	99.59
Europe (933)	124.39	+0.2	114.94	117.85	2.75	124.19	115.48	118.26	128.35	99.78	88.29
Pacific Basin (686)	128.45	+2.6	118.69	122.45	0.73	125.18	116.40	120.45	158.77	100.00	90.14
Euro-Pacific (1619)	126.88	+1.6	117.24	120.62	1.52	124.84	116.08	119.60	143.65	100.00	89.41
North America (723)	125.98	-0.4	116.41	125.74	2.85	126.44	117.57	126.15	128.80	100.00	99.34
Europe Ex. UK (597)	106.35	+0.0	98.27	102.88	2.47	106.34	98.88	103.29	107.75	98.02	84.49
Pacific Ex. Japan (228)	141.30	+0.5	130.56	135.02	2.71	140.60	130.73	134.28	141.30	99.92	73.11
World Ex. US (1826)	127.93	+1.6	118.21	121.38	1.57	125.94	117.10	120.37	143.38	100.00	89.39
World Ex. UK (2081)	124.32	+0.9	114.88	121.13	1.96	123.23	114.58	120.58	133.61	100.00	93.33
World Ex. So. Af. (2356)	126.54	+0.8	116.93	122.92	2.07	125.53	116.72	122.47	135.02	100.00	93.49
World Ex. Japan (1959)	126.71	-0.1	117.08	123.81	2.81	126.83	117.93	124.15	129.24	100.00	94.26
The World Index (2417)	126.91	+0.8	117.27	123.04	2.07	125.87	117.04	122.58	135.15	100.00	93.37

Base values: Dec 31, 1986 = 100

Latest prices were unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$460	50	6.80	8	22	—	—	$453.90
GOLD C	$480	—	—	73	15.20B	4	23	"
GOLD C	$500	50	1.60A	—	—	5	16	"
GOLD P	$500	—	—	—	—	2	44.50	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$750	—	—	—	—	30	160	$771
SILVER C	$800	—	—	—	—	2	135	"
SILVER C	$850	—	—	3	70	—	—	"
SILVER C	$900	—	—	4	45	—	—	"
		Aug 87		Sep 87		Oct 87		
£/Fl. C	FL320	—	—	2	14.50	—	—	FL336.06
£/Fl. P	FL340	—	—	3	7.80A	—	—	"
		Aug 87		Sep 87		Oct 87		
$/Fl. C	Fl.205	—	—	1	5.10A	—	—	FL208.80
$/Fl. C	Fl.210	32	1.60	41	2.50	—	—	"
$/Fl. P	Fl.200	—	—	—	—	2	1.30	"
$/Fl. P	Fl.205	—	—	10	1.80	—	—	"
$/Fl. P	Fl.210	2	3	61	4.20	—	—	"
$/Fl. P	Fl.220	16	11.30	—	—	—	—	"
		Dec 87		Mar 88		Jun 88		
$/Fl. C	Fl.200	17	8.90	4	10.20	—	—	Fl208.80
$/Fl. C	Fl.205	9	6.60	16	7.80	12	8.70	"
$/Fl. C	Fl.210	66	4.30A	—	—	—	—	"
$/Fl. P	Fl.190	6	0.80	—	—	—	—	"
$/Fl. P	Fl.200	20	2.90	—	—	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.500	217	14.80	9	23	1	33.50	Fl.492.50
AEGON C	Fl.100	100	3.10	15	5.70	—	—	Fl.96
AEGON P	Fl.95	30	3.80	—	—	—	—	"
AHOLD C	Fl.105	14	6.50	—	—	—	—	Fl.106.10
AHOLD P	Fl.105	72	4.30	—	—	—	—	"
AHOLD C	Fl.100	20	9.80	—	—	—	—	"
AKZO C	Fl.170	701	7	278	10.60	29	14	Fl.163.60
AKZO P	Fl.160	399	5.30	92	8	—	—	"
AMEV C	Fl.65	50	4.30	2	6.60B	—	—	Fl.66.70
AMEV P	Fl.65	31	2.20	—	—	—	—	"
AMRO P	Fl.85	50	3.20	—	—	—	—	Fl.82.50
ELSEVIER C	Fl.56	344	3.70	—	—	—	—	Fl.54.10
ELSEVIER P	Fl.54	21	3.80	—	—	—	—	"
GIST-BROC. C	Fl.50	203	3.70A	43	5.20	32	7	Fl.49.80
GIST-BROC. P	Fl.45	253	1.30	27	2	—	—	"
HEINEKEN C	Fl.190	92	9.30	41	12.50	—	—	Fl.190.30
HEINEKEN P	Fl.180	19	3.60	—	—	—	—	"
HOOGOVENS C	Fl.45	114	3.80	61	6	—	—	Fl.44.20
HOOGOVENS P	Fl.45	108	3.90	34	4.50	—	—	"
KLM C	Fl.55	604	1.80	88	3.60	2	4.30	Fl.51.40
KLM P	Fl.50	217	2.60	45	3.60	—	—	"
NEDLLOYD C	Fl.160	197	8.50	19	12.20	4	18.50	Fl.156
NAT.NED. C	Fl.80	391	3.40	65	5.30	10	6.90	Fl.78.30
NAT.NED. P	Fl.70	75	0.90	62	2	—	—	"
PHILIPS C	Fl.55	1463	4.40	452	5.70	56	6.70	Fl.55.60
PHILLIPS P	Fl.55	445	2.80B	80	3.70	83	4.60	"
ROYAL DUTCH C	Fl.300	390	5.50	101	9.20	3	12.80	Fl.285.80
ROYAL DUTCH P	Fl.280	205	7.70	2	8.80B	5	11.10	"
ROBECO P	Fl.110	10	3.10	—	—	—	—	Fl.108.40
UNILEVER C	Fl.140	343	6.30	37	10	10	13	Fl.139.30
UNILEVER P	Fl.136	47	3.60	2	5.80	—	—	"

TOTAL VOLUME IN CONTRACTS: 28,830

A=Ask B=Bid C=Call P=Put

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	11,000	203	-5	Jaguar	1,100	590	-½
Allied Lyons	5,500	462	—	Ladbroke	768	446½	+½
Amstrad	2,900	177	+1	Land Securities	2,000	560	+6
Argyll Group	1,200	443	+5	Legal & Gen.	1,600	326	+5
Assoc. Brit. Foods	218	390	+1	Lloyds Bank	4,500	409	-1
BAT	3,500	641	+6	Lonrho	3,400	284	-3½
BET	636	280	+1	MEPC	2,000	540	+6
BOC	1,900	522	+7	Marks & Spencer	1,900	256½	+1½
BPB Inds.	174	838	+5	Midland Bank	2,200	622	-5
BPCC	3,200	334	+12	NatWest Bank	1,800	755	—
BTR	1,400	334	—	Next	2,100	331	+2
Barclays	1,400	640	+12	Pearson	1,400	737	+3
Bass	479	£10⅛	—	P & O	156	742	+1
Beecham	2,200	564	-2	Pilkington Bros.	654	£10⅛	—
Blue Circle	773	505	+8	Plessey	3,350	204	-4
Boots	2,900	312	+3	Prudential	668	£10¼	+⅛
Brit. Airways	1,900	158	—	Racal	1,000	281	-2½
Brit. Aero	2,100	520	+2	Rank Org.	377	754	-8
Brit. & Comm.	1,600	554	+17	RHM	2,890	349	+12
British Gas	13,000	186	+4	Reckitt & Col	3	£11⅛	+¼
Britoil	5,400	311	-1½	Redland	904	540½	+12½
BP	10,000	376	-3½	Reed Intl.	617	534	+4
Brit. Telecom	3,100	288½	+1½	Reuters	439	868	-5
Bunzl	1,300	274	+9	RMC	1,200	523	-3
Burton	4,500	333	-4	RTZ	1,400	£12⅝	-⅛
Cable & Wire	2,200	400	+2½	Rolls-Royce	3,000	116	+1
Cadbury Schwps	2,500	274	+3	Rowntree	724	546	-7
Coats Viyella	608	343½	-2½	Ryl Bank Scotland	1,900	438	+7
Comm. Union	3,200	364	+4	Royal Insurance	3,200	558	+3
Cons. Gold	1,400	£12⅞	-⅛	STC	3,600	310	+8
Cookson	381	771	+2	Saatchi & Saatchi	913	662	+5
Courtaulds	2,100	486	—	Sainsbury	1,000	276	-5
Dee Corpn	8,225	228	+3	Scott & Newcastle	2,500	257	+6½
Dixons Group	4,000	375	+2	Sears	3,900	174½	+1
English China Clays	495	514	-½	Sedgwick	3,500	337	+12
Fisons	1,200	366	+6	Shell Trans	1,900	£14½	-⅛
Gen. Accident	520	£10⅝	-⅛	Smith & Nephew	1,000	176	+1
Gen. Elect	8,400	242	+1	Standard Chart	775	820	+7
Glaxo	499	£17⅞	+⅛	Storehouse	8,000	325	+8
Globe Investment	196	188½	+½	Sun Alliance	570	£10⅞	+⅛
Granada	1,100	345	-4	TSB	1,400	91½	—
Grand Met	1,330	575	-2	Tarmac	1,400	306	+5
GUS "A"	176	£14⅞	—	Tesco	3,700	198	+6
Guardian R.E.	154	£10¾		Thorn EMI	1,800	758	-2
GKN	4,000	386	+20	Trafalgar House	237	417½	+1½
Guinness	3,300	370	+4	T'house Forte	1,500	269	+4
Hammerson	103	605	+7	Unigate	1,400	414	-4
Hanson Trust	10,800	183	-1	Unilever	1,400	671	-5
Hawker Sidd.	585	584	+13	United Biscuits	1,700	333	+3
Hillsdown Hldgs	1,500	318	+8	Wellcome	3,500	482	+10
ICI	1,400	£14⅞	-⅛	Whitbread "A"	1,400	365	+11
				Woolworth	1,200	400	—

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday July 23 1987

Mining Finance	+85.83	Consumer Group	+42.05
Publishing and Printing	+62.69	Food Manufacturing	+41.42
Metals and Metal Forming	+59.94	Industrial Group	+41.31
Property	+59.24	Motors	+41.25
Agencies	+56.59	Chemicals	+41.00
Health and H'sehold Products	+55.41	Electronics	+39.82
Oils and Gas	+54.25	Insurance (Composite)	+39.23
Contracting, Construction	+53.19	Other Groups	+39.13
Textiles	+52.82	Other Industrial Materials	+38.24
Shipping and Transport	+52.60	Financial Group	+38.10
Gold Mines Index	+50.07	Stores	+34.53
Electricals	+49.14	Food Retailing	+34.02
Building Materials	+48.18	Mechanical Engineering	+32.93
Overseas Traders	+46.83	Conglomerates	+31.83
Leisure	+44.16	Brewers and Distillers	+31.66
Packaging and Paper	+44.05	Telephone Networks	+30.39
Merchant Banks	+43.20	Insurance (Life)	+28.69
500 Share Index	+43.14	Investment Trusts	+28.19
Capital Goods	+42.22	Banks	+26.50
All-Share Index	+42.22	Insurance Brokers	+19.02

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	81	14	18	177	358	30
Corporations, Dom. and Foreign Bonds	3	14	42	19	96	180
Industrials	566	462	536	1,801	3,671	2,347
Financial and Props.	244	102	253	591	1,271	1,133
Oils	25	38	51	121	215	234
Plantations	2	5	7	10	17	43
Mines	23	77	90	283	245	422
Others	50	116	84	343	495	457
Totals	994	828	1,081	3,345	6,368	4,846

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	9½
American Exp. Bk.	9	Consolidated Cred.	9	[illegible] Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'r'l Tst C'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Williams Secs	9
Banco de Bilbao	9	Financial & Gen. Sec.	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp.	10	TSB	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp.	¶11.1
Bank Credit & Comm	9	● Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank. Corp.	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambro Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen. Tst.	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co.	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Surewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

Continued from page 13

The Third Market Appendix

No. of bargains included 211

Amercoeur Energy PLC New Ord 10p (Fp/AL-24/7/87) – 70
Andaman Resources PLC Ord 10p – 84‡ ⅞ 5 5
Ardmore Petroleum PLC Ord Ir20.25 – 32 3 (17Jy87)
Comac Group PLC New Ord 5p (Fp/LA-14/8/87) – 160

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Abitibi-Price £15.18‡ (22/7)
Acmex Holdings 258‡
Acord Securities 105‡ 6‡ 7‡ 110‡ 1‡ $A2.52‡ 102 3 56 ½‡ 7 8 $A2.52
Allstate Explorations $A1.15 1.20 1.22 (22/7)
Amatil 380
American Barrick Resources Corp Com npv £12.0
Airship Inds 35.‡ 7‡ 40‡ 1‡ 2‡ 35 6 9 40 2 ½‡
Ampol Exploration $A6.3 (21/7)
Amsterdam-Rotterdam Bank $39.85‡ Fl 83¼‡ 4‡ Fl 84.85
Arcadia Minerals 17‡ (17/7)
Aust Development $3.57 (20/7)
Aust Oil & Gas 10‡ (17/7)
Beach Petroleum 29‡ (22/7)
Beverly Enterprises $13¾‡ (21/7)
British Columbia Forest Products $C23.876‡
CSF (Thomson-CSF) Fr1280.0‡ 1300‡ 10‡ Fr1340 5 50 4 5
Central Norseman Gold $A2.979
Central Victorian Gold Mines 10‡ (22/7)
City Developments $S5.5‡
Comdial Corp 140‡
Conex Aust 5 6
Daicel Chemical Industries Y689.107 (22/7)
Development Bank of Singapore $S15.543‡ $S15.8
Devex $A1.45 (17/7)
Du Pont (EI) de Nemours $124.23‡
Elec & Eltek Co 6
Eurocan Ventures 45‡
Fairchild Industries $14.25 (17/7)
Fraser & Neave $S12.3 (22/7)
Free State Cons Gold Mines R0.50 R61¼ 62
Golconda Minerals 57 62
Grants Patch Mining 33 (21/7)
Great Eastern Mines 6‡ (22/7)
Greenbushes Tin 45‡ (17/7)
Greenvale Mining ($A0.20) 14‡
Groupe Bruxelles Lambert BF3935 3940
Hang Lung Development $H15.9 (20/7)
Haoma North West 9
Hexcel Corp $50¼‡ ⅝‡ (22/7)
Hill 50 Gold Mines 103‡
Holiday Corp $28¼
Home Energy 35 (20/7)
Hunter Resources 68‡ (22/7)
Invincible Gold NL Ord A$0.30 (A$0.20) 31¼‡
Jones (David) 505 (21/7)
Jones Mining (A$0.20) 31 A$0.765
Kulim Malaysia Ord 48 (22/7)
Lee Hing Development 31 (21/7)
Loral Corp £26¼
Magnum Rescs $A3.978 (22/7)
Malaysian Airline System $2½‡ (20/7)
Matsushita Elec Inds Y2336.953‡ Y2265.0
Mid-East Mins 53‡ 50 (21/7)
Mitsubishi Heavy Inds Y546.1 547.364
Mt Martin Gold Mines 62‡ (22/7)
Nat Electronics (Consolidated) 6$H1.26
Nationale-Nederlanden (Fl2.5) Fl77.85‡ 9‡ Fl76.9 77.0 77.35
Nth Flinders Mines 620
Ocean Rescs 32 (22/7)
Oil Search 62‡ 70 80½ 82
Oilmet Rescs 32‡ 28 (21/7)
Palabora Mng 697 12 36 35
Pan Pacific Pet 10‡ 10 (22/7)
Pancanadian Pet $C0.75‡ $A3.97‡ (20/7)
Pargesa Hldgs SF2413.77 (21/7)
Pechiney Ugine Kuhlmann Fr312.0‡ 313½‡ (22/7)
Petersville Sleigh $A2.85 2.9
Philips Kommunikations Inds DM901.3 (20/7)
Pioneer Elec Corp Y3070.0
Plenty River Mng 13 4 6
Poseidon 246‡ 240.5 $A5.62 5.72
Pretoria Portland Cement 295‡
Regal Hotels 15
Royex Gold Mng Corp $C5⅝‡ (21/7)
Schering-Plough Corp $50¼
Selangor Properties 40 (22/7)
Singapore Land 247
Smithkline Beckman Corp £40⅝
Societe Nationale Elf Aquitaine Fr385.0
Source Perrier Fr805.0‡
Stirling Petroleum 4‡ (22/7)
Sun Hung Kai Co H$4.171 (22/7)
Sky Line Exploration Com NPV 620‡ (21/7)
Swire Pacific 'B' 33½ H$4.31
Tai Cheung Properties 35½ (21/7)
Target Petroleum Ord 32
Target Petroleum (A$0.15) 16‡ 14
Teck Corp 'A' £15.0 (17/7)
United Overseas Land S$3.02 (22/7)
Valiant Consolidated 21 (21/7)
Vuitton (Louis) Fr1170.0 1175.0 1178.0
Vulcan Minerals 24‡ (21/7)
Westfield Minerals 155 (21/7)
Wong Industrial Hldgs H$3.111

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange.

Adnams B (£1) £16 £16.50 (17/7)
All England Lawn Tennis Gnd £500Dbs 1986-90 (£862 pd) £21,000 22
Ann Street Brewery (£1) 745. Do Cns RdPf (£1) £10.50
Barbican Hldgs (1p) 4 ½ 5 ⅓
Berwick Salmon Fisheries (5p) 58 60 (22/7)
Bolton Hse Invs (5p) 75 8 9
Carraun (10p) 14 ½ (20/7)
Channel Islands Communications 450 (21/7)
Consalt Trust 120
Cressey Invs (£1) 24 (20/7)
Dawson (Wm.) (10p) 650 5 (21/7)
Fredericks Place Hotels (20p) 70 5 80 (21/7)
Greenstar Hotels (10p) 29 31
Guernsey Preso (10p) 120 (21/7)
Hartley Baird (5p) 55 (22/7)
Hydro Hotel (Eastbourne) (£1) 315 20
Jersey New Waterworks 10pcMtgDb 88-90 £99 (20/7)
Kunick Leisure (10p) 39 40 1 (22/7)
Le Riches (£1) 480
Lincolnshire Standard 400 (22/7)
Manx and Overseas Inv Tst (10p) 25 (21/7)
Merrett (10p) 445 (21/7)
Norton Villiers Triumph (1p) 6½ 7 ⅛ 8¼
Panther Secs 150
Park Estates (Liverpool) (£1) 965 (20/7)
Shepherd Neame A (£1) 700 5 (22/7)
Spencer (Aberdeen) 55 (20/7)
Southern Newspapers (£1) 300 15 (21/7)
Thwaites (Daniel) (£1) 700 (22/7)
Weetabix A nv 297 305 (22/7). Do 7pcPf (£1) 65 66 ½
Winchmore 99 100 (22/7)
Wolverhampton Racecourse 259 (21/7)
Wynstay Props 145 (20/7)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration.

Andaman Resources (10p) 94 5 7
Kenmare Oil Expln (Ir25p) 50 1 2 3 ½ 4

BANK RETURN

BANKING DEPARTMENT	Wednesday July 22, 1987	Increase (+) or decrease (–) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	84,307,603	– 3,792,125
Bankers Deposits	989,305,992	+ 179,652,017
Reserve and other Accounts	2,971,251,635	+ +1,283,946,733
	4,059,418,230	+ 1,100,502,591
ASSETS		
Government Securities	947,045,295	+ 287,890,000
Advance and other Accounts	724,579,990	– 383,325,303
Premises Equipment & other Secs	2,373,946,072	+ 1,194,808,597
Notes	13,591,034	+ 1,145,449
Coin	255,839	– 16,152
	4,059,418,230	+ 1,100,502,591

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	13,296,408,966	+ 88,854,551
Notes in Banking Department	13,591,034	+ 1,145,449
	13,310,000,000	+ 90,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,294,063,657	+ 510,666,051
Other Securities	6,004,921,243	– 420,666,051
	13,310,000,000	+ 90,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	111.7	118.1	-0.1	0.71
(Accum Units)	117.0	123.8	+0.6	0.71
British Blue Chip Fund	52.9	55.9	+1.2	2.21
(Accum Units)	52.9	55.9	+1.2	2.21
American Sm Cos Fd	53.2	56.2	-0.4	0.44
(Accum Units)	53.2	56.2	-0.4	0.44
American Income	52.7	54.7	-0.1	3.65
(Accum Units)	56.5	59.7	-0.1	3.65
European Growth	150.3	159.0	+0.8	2.74
(Accum Units)	155.6	164.6	+0.9	2.74
European Income	82.8	87.4	+0.3	3.47
(Accum Units)	86.8	91.8	+0.3	3.47
General	386.0	408.4	+3.7	2.46
(Accum Units)	641.0	678.3	+6.2	2.46
Gilt	88.5	88.7	+0.1	7.47
(Accum Units)	100.0	105.5	+0.1	7.47
Global Fund	50.9	53.8	+0.6	0.69
(Accum Units)	50.9	53.8	+0.6	0.69
High Interest Fund	47.3	50.0	+0.0	8.91
(Accum Units)	47.7	50.4	+0.0	8.91
High Income Fund	54.2	57.3	+0.3	4.34
(Accum Units)	55.0	58.2	+0.3	4.34
Income	129.0	136.5	-0.2	2.92
(Accum Units)	147.9	156.5	-0.2	2.92
International	297.2	314.4	+4.2	1.11
(Accum Units)	371.8	393.4	+5.3	1.11
Japan	198.6	210.7	+0.0	0.58
(Accum Units)	203.9	216.5	+0.0	0.58
Pacific Fd	57.6	60.9	-0.2	0.10
(Accum Units)	57.6	60.9	-0.2	0.10
Recovery	323.4	342.2	+3.5	1.57
(Accum Units)	351.6	372.0	+3.8	1.57
UK Smaller Co's Fd	55.9	59.1	+0.2	1.71
(Accum Units)	55.9	59.1	+0.2	1.71
Exempt	369.9	379.3	—	2.21
(Accum Units)	579.3	594.1	—	2.21

Merlin Fund Mngmnt Ltd
33 King William St, London EC4R 9AS 01-488 5678

Merlin July 22	646.0	654.0	—	1.06

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	65.3	69.4	+0.4	4.32
Accum Units	65.3	69.4	+0.4	4.32
UK Growth Fund Acc	64.4	68.5	+0.4	1.46
Global Income Fund	49.4	52.5	+0.9	3.81
Accum Units	49.4	52.5	+0.4	3.81
Global Growth Fund	46.5	49.5	+1.2	0.51

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	81.5	86.2	+1.0	0.36
Holborn Equity Income	76.0	80.9	+1	3.24
Holborn Equity Tst	609.0	644.6	+4.5	2.18
Holborn European Tst	119.6	126.7	+0.3	0.65
Holborn Gilt Tst	219.0	222.1	+0.7	2.14
Holborn High Inc Tst	94.8	97.1	+0.4	4.44
Holborn Intl Grth Tst	120.1	127.0	+0.4	.69
Holborn Japanese Tst	127.2	134.5	+5.9	0.04
Holborn N. Amer. Tst	95.1	100.6	-0.6	0.48
Holborn Sm Cos Tst	82.2	86.9	+0.3	1.34
Holborn Spec Sits Tst	107.7	113.9	+1.8	1.28
Holborn UK Growth Tst	121.4	128.4	+1.3	1.46

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen Fd	687.3	727.4	+19.5	1.39
Quadrant Income	341.2	361.3	-9.9	3.68
Quadrant Intl. Fund	457.0	483.7	+6.2	1.03
Quadrant Spec. Sits	484.9	513.2	-13.1	1.28

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	249.4	265.2	+2.9	2.16
Reliance Unit Tst (Inc)	174.2	185.3	+1.6	1.74
Reliance Ut Tst (Acc)	234.4	249.3	+1.9	1.74

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	49.9	52.9	—	1.6

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2961/4

NC America (Inc)	324.3	345.0	-1.8	0.78
NC America (Acc)	357.8	380.6	-2.0	0.78
NC Inc Fd	130.6	138.9	+1.6	2.72
NC Japan Fd	192.2	204.4	+5.5	—
NC Major UK Cos Fd	73.1	77.7	+0.6	1.55
NC Smllr Australasian	91.3	97.1	+0.2	0.48
NC Smllr Canadian CoFd	49.3	52.6	-0.1	0.95
NC Smaller Cos	250.6	266.5	+2.2	0.87
NC Smaller European	194.1	206.4	-0.1	0.46
NC Prop.*	157.2	171.8	—	(2)

*Unauthorised Unit Trusts
For Rowan see Merlin

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Schroder Life Assurance Ltd

National Mutual Life

National Mutual of Australasia

National Provident Institution

National Provident Inst.—Contd.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Asse.

Provident Mutual Life Assc.—Contd.

Provincial Life Assurance Co Ltd(z)

Prudential Assurance Co

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assc.—Contd.

Royal Life Insurance Ltd

Royal Liver Assce (Life & Pensions)

Save & Prosper Group

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Skandia Life Assurance Co Ltd

Skandia Life Assce.—Contd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co Ltd

Target Life Assurance—Cont.

Teachers' Assurance Company Ltd

Transatlantic Life Assur Co Ltd

Trident Life Assurance Co Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

UK Provident

University Medical General Ltd

Windsor Life Assur Co Ltd

MANAGEMENT SERVICES

O'Halloran & Co/Countrywide

PBR Fund Management Ltd.

The Purchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090

OFFSHORE AND OVERSEAS

Barrington Mgmt (CI)—Barrington Fd

Bermuda Intl Invest Mgmt Ltd

Bishopsgate Commodity Ser. Ltd

Brazil Capital Services Ltd

Bridge Management Guernsey Ltd

Brown Shipley Fund Mgmt (CI) Ltd

Butterfield Management Co Ltd

CAL Investments (IoM) Ltd

Capital International

Charterhouse Fund Mgt. (C.I.) Ltd

Citibank (CI) Ltd

Credit Suisse

Dreyfus Intercontinental Inv. Fd.

Eiders (Switzerland) Invest. Mngt. SA

Equity & Law International Fund Mgr Ltd

Ermitage Management Ltd

Ermitage Management Cayman Ltd

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	1987 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53xd	...	3.50	16.60
50	40	Do 6pc 28 Stb. Ass.	50	...	3	16.00
47	45	Do 4pc Mixed Ass.	47	...	2	14.26
66	58	Hung. '24 Ass	65	......	2.75	14.23
146½	122¾	Hydro Quebec 15pc 2011	137¼	−½	15.00	10.61
94	83	Iceland 6½pc '83-88	90	...	—	—
136¼	115½	Do. 14½pc Ln 2016	128½xd	+1½	14.50	11.16
103½	94	Ireland 9¾pc '91-96	99¼	...	9.75	9.83
98½	85	Japan 6% '83-88	85	...	—	—

AMERICANS

1987 High	1987 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
41⅞	32¾	Abbott Laboratories‡	38¾	−⅝	$1.00	—	1.6
17	11⅝	Ahmanson (H.F.)	12	−¼	88c	—	4.5
36	24¾	Alcoa $1	36	+½	$1.20	—	2.0
18¾	15⅝	¶Allegheny & W $0.01	17¼	−¼			
15⅝	8¾	Amax $1	15⅝	+¼	—	—	—
26¼	17¼	Amdahl 5c	22½	−¼	20c	—	0.5
33	25½	Amer. Cyanamid $5	30⅞	−¼	$1.90	—	3.8
25¼	18	Amer. Express $0.60	21¼xd	−½	$1.44	—	4.2
12⅞	10	Amer. Medical Int. $1	12¼	...	472c	—	3.6
19¼	14¼	American T. & T. $1	19	−¼	$1.20	—	3.9

Continued on next page

Money Market Bank Accounts

ANZ Finance High Interest Cheque Acc
Minerva Hse, Montague Cl, London, SE1 01-378 2576

Adam & Co. plc
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 6070

AAB—Allied Arab Bank Ltd
97-101 Cannon St, London, EC4N 5AD 01-626 2046.

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01-628 8060

Barclays Prime Account
PO Box 125, Northampton 0604 252891

Money Market Trust Funds

UNIT TRUST NOTES

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30 5/16	22 7/8	Sara Lee $1	26 5/8xd	−1/4	$1.00	—	2.3
11 1/16	8 3/4	Saul (B. F.) $1	10 1/2xd	−1/4	20c	—	1.2
26 3/4	19 5/8	Southwestern Bell $1	22 1/4	+1/2	h$2.32	—	6.4
18 1/8	14 3/4	Staley Continental	16 7/8	−1/8	80c	—	2.9
44 3/16	36 1/8	Sun Co. Inc. $1	40 5/8xd	−1 1/16	$3.00	—	4.5
37	28 1/2	TRW Inc. $0.625	35 1/4	−1/2	h$1.60	—	—
32 1/2	25 7/8	Tenneco $5	33 1/4	−1/4	$3.04	—	5.9
187 1/2	149 1/2	Do 10% Ln.Stk. 91-5	187 1/2xd	....	10%	—	[illegible]5.5
28 7/8	17 5/16	Texaco $6.25	28 7/8xd	+1/8	$3.00	—	6.4
65 1/8	47 1/8	Time Inc. $1	63 7/8	+1/8	$1.00	—	1.0
14 1/2	11	Tracor $0.33	12 1/4	−1/4	40c	—	2.0
27 1/2	18 7/8	Transamerica $1	26 1/2	−1	$1.76	—	4.1
12 1/4	922p	Transworld Corp $5	11 7/8	+1/4	20c	—	1.0
46 1/4	29 1/4	TRINOVA Corp.	44 5/8	−3/4	h$1.00	—	1.4
24 1/16	15 1/16	♥USX $1	22 7/8	.....	$1.20	—	3.2
19 1/4	15 1/16	Union Carbide $1	17 1/16	−11/16	$1.50	—	5.4
35 3/16	26 7/8	Utd. Technologies	33 3/4	+1/4	$1.40	—	2.5
38 5/8	27	US West	31	.....	$3.28	—	6.5
27 1/4	17 1/8	Waste Management $1	26 1/4	−1/2	—	—	—
£31 1/4	£20 1/2	Whirlpool $1.0	£21 3/4	....	—	—	—
35 7/8	26	♥Woolworth $3 1/2	34 3/4	−1 1/8	$1.32	—	2.3

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
21p	10p	♥Abbot Energy Corp.	21p	.....	—	—	—
12 7/8	506p	♥Amer. Barrick Res.	12 1/8xd	−1/4	—	—	—
122p	52p	Armeco	73p	−5	—	—	—
19 3/8	14 5/8	Bk. Montreal ‖	15 1/4	−1/4	$2.00	—	5.8
10 1/2	745p	Bk. Nova Scot. ‖	825p	−25	72c	—	4.0
20 5/8	18	BCE ‖	19 3/4	−1/4	$2.40	—	5.7
10 1/8	712p	♥Bow Valley ‖	959p	−32	40c	—	1.9
19 1/4	12 5/8	♥Brascan ‖	18 1/4	+1/4	88c	—	2.2
609p	277p	♥Breakwater Res.	438p	−10	—	—	—

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS

Motors and Cycles

Commercial Vehicles

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

1987 High	Low	Stock	Price	+ or -	Div Net	C'vr	Gr's	P/E
46	9	Ardmore Pet. 'A'	28	+3	—	—	—	—
98	45	Catalyst Comms. 5p	84	+2	—	—	—	34.9
200	163	Chelsea Artisans 5p	178	.....	—	—	—	23.9
180	155	Comac Group 5p	163	.....	—	—	—	—
151	47	Corton Beach 10p	131	+1	0.4	♦	0.4	♦
200	150	Crown Eyeglass 5p	170	−5	—	—	—	—
285	102	Edenspring Investment	260	−2	—	—	—	—
†62	18	Eglinton Oil Ir.5p	32	+1	—	—	—	—
41	17	Do. Warrants	21	+1	—	—	—	—
178	101	Far East Res. 10p	178	+10	—	—	—	—
82	17	Publishing Hldgs.5p	76	−3	—	—	—	44.0
87	45½	Theme Holdings	71	−3	1.0	♦	1.9	♦
140	111	Unit Group	140♦	.....	R4.0	2.5	4.5	(10.0)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	91	.....	Fin. 13% 97/02	£105¼	−3¼
Craig & Rose £1	£20	.....	Arnotts	380	.....
Finlay Pkg. 5p	126	.....	CPI Hldgs	85	+5
Holt (Jos) 25p	1000	.....	Carroll Inds.	145	−3
IoM Stm. £1	146	.....	Dublin Gas	18	.....
			Hall (R. & H.)	140	+5
IRISH			Helton Hldgs.	50	.....
Fund 11¼% 1988	£100½	−¼	Irish Ropes	190	.....
Nat. 9¾% 84/89	£97¾	+8½	Unidare	430	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	35
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	118
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds.	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	35	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES

Saturday July 25 1987

Government details plan for schools

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

CHILDREN IN state schools in England and Wales will be required to take national tests of educational attainment under a government plan published yesterday.

The tests—to be given at the ages of 11, 14 and 16, and probably in a limited form at about seven—will be part of a scheme for a standard curriculum imposed on English and Welsh publicly-financed schools.

Independent schools will also have to conform to the scheme as a condition of approval by the educational inspectorate.

Mr Kenneth Baker, Education Secretary, described the scheme as the pillar of his plans to give all young people the knowledge, skills and understanding they need to live and work in an age of advancing technology.

The legislative framework will be presented to Parliament in the autumn as part of the Education Bill. Details of compulsory study programmes, benchmarks of attainment by certain ages, and assessment methods will be worked out and introduced year by year, probably starting in autumn 1989.

The core of the curriculum for all normally capable five- to 16-year-olds will consist of English and mathematics, each taking 10 per cent of teaching time, with combined sciences taking between 10 and 20 per cent.

Further "rations" of 10 per cent will be devoted to technology, history and geography, combinations of art, music, drama and design and, in secondary schools, to a modern foreign language. Another 5 per cent will be given to physical education.

In the remaining 10 to 20 per cent of class hours, schools will continue to teach religious studies as well as non-compulsory subjects such as home economics and classics.

The legislation will not specify the time to be spent on each subject, but schools will receive official "guidance." This will be based on study programmes for different stages of schooling, to be devised by specialist subject groups. Those for maths and science have already been appointed and the remainder will be set up over 18 months.

Within the study programmes, individual schools will be free to decide teaching methods. They will be expected to cover topics such as health education and training in the use of information technology during lessons in standard subjects.

Co-ordination for the curriculum aspects of the scheme, and technical advice on its development, will be provided by a new national curriculum council of about 15 people, not all of whom will be professional educators.

A further body—the school examinations and assessment council—will advise the Education Secretary on appropriate benchmarks of children's attainment and how these should be assessed.

Much of the assessment will be conducted by pupils' schools, but the results will be monitored externally.

Some countries, such as Germany, have similar assesment programmes, but England and Wales will become the first to have compulsory national tests of attainment in maths, English and sciences, and almost certainly in other compulsory topics.

Although tests for seven-year-olds will be only in basic skills, the attainment tested will be progressively increased at 11 and 14. At 16 the tests will be in subjects not being taken in the General Certificate of Secondary Education exams.

Pupils' results will be reported only to their parents and teachers, but schools and local authority areas will have to publish aggregate results in a form that can be compared with national figures published by the Government.

The Education Secretary will also take statutory control of the 16-plus examination curricula administered by the five GCSE examining boards, and become the sole source of public funds for further curriculum development.

The National Curriculum 5-16. ment, DES, Honeypot Lane, Publications Despatch Department, DES Honeypot Lane, Stanmore, Middlesex HA7 1AZ. Free.

Parents to override governors, Page 4

Spycatcher injunction modified by Court of Appeal

By Raymond Hughes, Law Courts Correspondent

THE COURT OF APPEAL yesterday modified an injunction that has stopped newspapers publishing allegations made by Mr Peter Wright, the former MI5 officer whose book Spycatcher has been published in the US.

The revised order—which will not come into force until the Law Lords have ruled on the issue—allows the publication of "a summary in very general terms" of Mr Wright's allegations about the British security service, while continuing the ban on quoting him directly.

Sir John Donaldson, the Master of the Rolls, explained that the court's intention was that the media should be able to report on Mr Wright "as legitimate news" but not "to act as his publishers or publicists."

The new order stops anyone "in the course of business" publishing "the whole or any passage, extract or excerpt" from Spycatcher or from any written or oral statement by Mr Wright concerning the security services of Britain or any other country, or their activities.

The appeal court ruling was made on the challenge by Sir Patrick Mayhew, QC, the Attorney-General, to a High Court decision on Wednesday to lift a temporary injunction made last July banning the Guardian and Observer publishing Wright material, and to refuse to renew a similar injunction stopping the serialisation of Spycatcher by the Sunday Times.

In the High Court, Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, had said that it would make the law an ass to continue the injunctions when Spycatcher had been published in the US and copies were coming into the UK.

The Appeal Court gave the Attorney-General and the three newspapers leave to appeal to the House of Lords. It is expected that the hearing before the Law Lords will start on Monday. The original, unmodified, injunction will remain in force until the Law Lords have given judgment.

Summarising the Appeal Court's approach, Sir John said that its task at this stage was to preserve the rights of both Government and newspapers pending full trial.

The best way would have been by preventing Mr Wright and everyone else from publishing until after a speedy trial, at which Mr Wright's right to make disclosures about the work of the security service had been fully investigated.

However, because of the US publication of Spycatcher everyone who had an interest—legitimate or otherwise—in the allegations must be assumed to have bought a copy of the book.

Sir John said that since it was not unlawful to possess or read Spycatcher in the UK or abroad it would be wrong to impose an injunction which limited that freedom.

"It is, however, quite another matter to allow Mr Wright and those assisting in the commercial exploitation of his allegations to profit thereby, when, prima facie, that involves a gross breach of Mr Wright's duty of confidentiality."

Thatcher denies economy is overheating

By Peter Riddell, Political Editor

THE BRITISH economy was not in danger of overheating, Mrs Margaret Thatcher said yesterday. But the Government was "watching out for that very carefully," she added.

In a BBC interview at the start of the long parliamentary recess, she was cautiously optimistic on the economic outlook, in line with the view presented to the Cabinet on Thursday by Mr Nigel Lawson, the Chancellor.

Mrs Thatcher also sought to deal with financial market worries following this week's figures showing a current account deficit in May and a sharp rise in private sector borrowing.

She pointed to the current account surpluses for the first four months of this year. "Now, we've had one bad month. Obviously we're going to watch it carefully. We expect a slight deficit this year, but not a serious deficit, rather less than last year."

This was intended as a general coment and not a precise forecast.

Mrs Thatcher also said she was not overly worried about the high level of private borrowing. Government borrowing had gone down to leave room for borrowing by the private sector, as was intended. If the whole of lending, to both sectors, was taken into account, the total was "slightly down."

Mrs Thatcher said there would be no significant concessions on the proposed universal comunity charge replacing domestic rates, but said transitional periods had always been assumed.

She reiterated her opposition to the televising of the House of Commons, on which MPs are likely to vote again at the end of this year.

She argued that the arrival of television cameras would change the Commons and she would vote against it unless television was under "very, very strict rules." She did not think the Commons had improved since it was broadcast on radio.

British Shipbuilders announces annual trading loss of £148m

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

BRITISH SHIPBUILDERS yesterday announced a trading loss of £148m for 1986-87, boosted to £223m after provisions and extraordinary losses. The state-owned corporation has now accumulated debts of £1.3bn since the nationalisation of merchant shipbuilding 10 years ago.

Mr John Lister, the chairman and chief executive, said the heavy losses of the past two years reflected the continuing overcapacity in the world shipbuilding market. The trading loss for 1985-86 was £137m.

The corporation estimates that the level of world orders in 1986 was 9.4m compensated gross registered tons, compared with capacity of 16.018m cgt. Prices for most classes of ship are roughly equal in cash terms to the 1978 level.

This has led to substantial losses in most shipbuilding countries, including Japan and South Korea, the two biggest competitiors. In Europe, only Denmark and Italy have avoided big reductions in capacity.

Mr Lister, who was appointed in April following the retirement through illness of Mr Phillip Hares, said £39m of the trading loss was caused by under-utilisation of labour and assets, particularly at the Govan yard in Glasgow.

The balance of the trading loss was caused by losses on ships built at contract prices little more than the cost of materials. Contract losses are in addition to subsidies of up to 28 per cent from the Government's Shipbuilding Intervention Fund, without which the corporation would win few orders.

Mr Lister said the corporation had also been forced to spend £35m of a £43m provision in last year's accounts against defaults by customers. A further £11m has been added to the provision this year.

A dispute over the value of assets of the Scott Lithgow yard, sold to Trafalgar House in 1984, has been settled by the payment to Trafalgar of £21m. Trafalgar is still threatening litigation over a claim that it was misled, however.

In addition, the corporation has made a "prudent provision" of £51m to write off the value of fixed assets other than land. Mr Lister said it was unlikely any value attributed to fixed assets could be realised because of the continued shortage of profitable work.

British Shipbuilders' financial performance is expected to improve next year because of a substantial increase in orders during 1986-87, which will reduce the under utilisation of assets. Orders increased to 122,378 cgt, compared with 23,044 cgt in the previous year.

However, mr Lister said the corporation expected further substantial losses in the absence of a sustained recovery in prices.

British Shipbuilders continued to hope that forecasts of a recovery in the early 1990's would prove correct, he added.

Soviets repeat Pershing demand

BY WILLIAM DULLFORCE IN GENEVA AND ROBERT MAUTHNER IN LONDON

THE SOVIET UNION yesterday reiterated that a treaty on the abolition of medium-range missiles hinged on Washington and Bonn agreeing to scrap US-controlled warheads on 72 West German missiles.

The elimination of these warheads was part of the proposal made by Mr Mikhail Gorbachev, the Soviet leader, at the US-Soviet arms control negotiations in Geneva on Thursday.

The US has rejected Moscow's demand, claiming that the Pershing 1A rockets were "third country" systems and could not, therefore, be dealt with in the bilateral Geneva negotiations.

An article in the Soviet government newspaper Izvestia said negotiations in Geneva had been stalled by the "unexpected American demand" that the Pershing 1A warheads should not be included in an intermediate nuclear forces (INF) deal. It accused the US of seeking to establish an advance loophole in the proposed treaty.

Mr Yuli Vorontsov, Soviet Deputy Foreign Minister and chief arms negotiator, and Marshal Sergei Akhromeyev, Soviet Armed Forces Chief-of-Staff, have said Moscow was not asking for the dismantling of the missiles, merely the destruction of their warheads. They appeared to leave room for a compromise by indicating at a news conference on Thursday that West Germany could equip the missiles with conventional warheads.

Mrs Margaret Thatcher said yesterday she believed the US and the Soviet Union were on course for an arms control agreement by the end of this year, though she warned that the details of checking still had to be worked out.

In a BBC interview, she said she did not believe the issue of Pershing 1A missiles in West Germany would be allowed to block any agreement.

In Geneva yesterday, Mr Alexei Obukhov, deputy leader of the Soviet arms control delegation, indicated that the issue of the West German Pershings was not the only obstacle to an INF agreement, although it was the most important.

"Over-complicated" verification schemes sought by the US were also obstructing a treaty. He cited a US demand for the construction of special facilities, including TV cameras and weighing machines, and involving the construction of roads near sensitive sites. Such a programme would take years to implement and was considered unnecessary by the Soviet Union, Mr Obukhov said.

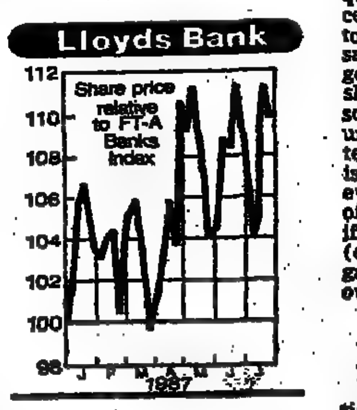
THE LEX COLUMN

Steamed up about overheating

Investors may not have been panicking this week, but some of the market makers at their trading desks in the City of London appear to have come close to it. The past five days have seen the FT Index lose a net 74.6 points, while gilt-edged yields have abruptly jumped by around 0.4 percentage points. The movements have provided good examples of how volatile the new-style markets can be, though it must seem odd to outsiders that traders could react so violently to Wednesday's May trade returns — which because of a civil service dispute were delayed and were something close to ancient history by the time they appeared.

The bears have certainly found something to get their teeth into. The combination of soaring money supply and buoyant imports of consumer goods can easily be used as the basis for forecasts of an overheated economy and escalating interest and inflation rates. But the Government is a lot more relaxed than the screen-watchers of the Square Mile. Flush with reserves, it certainly does not need to reverse its position on the basis of one month's trade figures. Perhaps some of those hyperactive traders should take a well-earned holiday.

Index rose 8.9 to 1845.0



Lloyds Bank

Lloyds Bank has had the courage to take its Third World provisions on the chin, resulting in a first-half loss of £697m before tax. It looks gruesome, but domestic profits are strong and the bank should be able to earn its way back to some very healthy balance sheet ratios within a year or two. All the same, Lloyds has some major strategic decisions to make, not least on whether to reopen the bidding for Standard Chartered.

Since it is unlikely that Lloyds can earn much more than £400m pre-tax in the second six months, it will still suffer a sizeable loss for the full year. But it is declaring its faith in the future by raising its interim dividend by 10 per cent—which if applied to the year's payout would imply a 4.6 per cent yield at 409p. And although the chance remains that Lloyds will opt for a rights issue, for the time being at least it is relying on the stream of retained earnings to boost its relatively low equity to assets ratio. This could be only just below the figures for Midland and Barclays by the year-end, while the primary capital ratio is already quite satisfactory.

As with Midland, domestic retail banking is providing something of a bonanza for Lloyds (profits up 39 per cent in the first half) but corporate banking has been dreary and merchant banking has been bathed in red ink, culminating in the withdrawal from market making in bonds. Lloyds still has the option of sticking to its core businesses, but that could leave the bank as a global also-ran (it has already slipped a long way behind NatWest and Barclays). Alternatively, the grand strategy would include bids for Standard Chartered and a large merchant bank such as Morgan Grenfell or Kleinwort Benson. But Lloyds may prefer to be patient, reasoning that such targets have yet to face the lean times which it has itself already endured.

Capital & Counties

Capital & Counties' surprisingly large issue of ordinary and convertible preference shares provides a welcome opportunity for outside investors to gain exposure to all those new town centre shopping precincts. And TransAtlantic's decision not to take up its rights ought vastly to impove the marketability of shares in what will become the UK's sixth largest quoted property company. No wonder all the brokers are so enthusiastically pushing up their forecasts to close to £4 a share asset backing (and £23m pre-tax) by the year end.

With CapCo sitting on a £400m development programme the grounds for the isue are quite solid. But while 150 per cent gearing may be impossible to contemplate, it is not necessarily wise to be wholly ungeared in a rising market. The share price ought to retain some premium to assets; it is unlikely however, to be a short-term performer. The problem is that TransAtlantic will eventually have to unload some of its diluted 67 per cent stake if it is to acquire a UK listing (or realise its large capital gain) and that will inevitably overhang the market.

Rights issues

Having pitched its discount so tight, Capital & Counties might be comforted by the latest research from Kleinwort Grieveson on rights issues. This suggests that, contrary to conventional wisdom, shares tend to underperform the market in the year before an issue but overperform in the year after. Pre-issue underperformance is probably the more surprising finding—most finance directors have apparently been labouring under the illusion that they issued new shares when the price was strong.

Now the efficiency of capital markets has become such a hot political issue hardly a week passes without some new theory, usually built on a slender statistical base. Kleinwort's offering is not untypical, although at least it is openly tentative about the results. The sample is only 100 rights issues between June 1984 and 1986 and instead of comparing the performance of issuing companies with non-issuers of a similar size in the same sector they have merely been charted against the All-Share. It also appears that there has been no weighting to market share, so the "small company effect," which Kleinwort acknowledges, will have had a disproportionate influence—particularly as these years saw the emergence of the "mini-conglomerates." The research does, in fact, admit that larger company issues — which tend to be less specific— do produce underperformance after three months. And to claim that the pre-rights underperformance is thanks to long-sighted fund managers seeing a chance to buy cheaper post-rights sits oddly alongside the central contention of the research.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Perkins (J) Meats	143	+ 52
Barclays Bank	640	+ 12	Prudential Corp	£10¼	+ ¼
Bunzl	274	+ 9	Royal Bank of Scot	438	+ 7
Chancery Securities	346	+ 25	Sedgwick	337	+ 12
Costain	361	+ 28	Sumrie Clothes	193	+ 60
Downiebrae	201	+ 13	Sun Alliance	£10¼	+ ¼
GKN	386	+ 20	Thermal Scientific	353	+ 11
Glen Abbey	280	+ 40	Whitbread A	365	+ 11
Harris Queensway	229	+ 10	Wiggins Group	287	+ 10
Int Signal & Control	231	+ 6	**FALLS**		
LASMO	387	+ 13	Cons Gold Fields	£12¾	− ⅜
MS Intnl	117	+ 9	Elbief	63	− 10
Miller (Stanley)	136	+ 10	Midland Bank	622	− 5
Mountleigh	304	+ 13	RTZ	£12¾	− ¼
Peachey Property	428	+ 7	Victor Products	162	− 28

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	29	84	Dallas†	S	23	73	Madeira	S	24	75	Prague	F	21	70
Algiers	S	30	86	Dublin	F	16	61	Madrid	F	26	79	Rykjvk	C	11	52
Amsdm	C	17	63	Dbrvnk	S	34	93	Majorca	F	29	84	Rhodes	S	36	97
Athens	S	34	93	Ednbgh	F	15	59	Malaga	S	29	84	Rio J'o†		—	—
Bahrain	S	39	102	Faro	C	22	72	Malta	S	39	102	Rome	F	36	97
Barclna	S	24	75	Florence	S	33	91	M'chstr	Dr	13	55	Salzbrg	S	23	73
Belfast	C	15	59	Frankft	F	21	70	Melbne	S	11	52	S'cisco†	C	14	57
Belgrd	S	35	95	Geneva	F	22	72	Mx C†		—	—	Seoul	C	25	77
Berlin	F	21	70	Gibrltr	S	25	77	Miami†	S	25	77	Singapr	F	28	82
Biarritz	R	17	63	Gl'sg'w	F	18	64	Milan	S	29	84	S'tiago†		—	—
Bmghm	C	16	61	G'rnsey	F	17	63	Montrl†	F	26	79	Stckhlm	F	20	68
Blackpl	C	16	61	Helsinki	F	21	70	Moscow	C	26	79	Strasbg	F	24	75
B Aires		—	—	H Kong	R	28	82	Munich	F	22	72	Sydney	C	13	55
Bombay	F	34	93	Innsbrk	F	22	72	Nairobi	C	21	70	Tangier	C	23	73
Bordx	C	23	73	Invrnss	C	12	54	Naples	C	39	102	Tel Aviv	S	33	91
Boulgn	C	17	63	IoMan	F	15	59	Nassau		—	—	Tenerife	S	25	77
Bristol	C	18	64	Istanbul	S	33	91	Nwcstl	C	13	55	Tokyo	S	35	95
Brussels	C	16	61	Jersey	F	20	68	Ne Delhi	S	37	99	T'r'nto†	S	25	77
Budpst	S	31	88	Jo'burg	S	14	57	N York†	S	26	79	Tunis	S	25	80
Cairo	S	38	100	Leeds	Dr	14	57	Nice	S	30	86	Valencia	C	29	84
Cardiff	C	20	68	L Pims	C	25	77	Nicosia	S	35	95	Venice	F	29	84
Cape T	S	25	77	Lisbon	F	21	70	Oporto	F	23	73	Vienna	F	24	75
Chicg†	S	24	75	Locarno	S	27	81	Oslo	C	17	63	Warsaw	F	25	77
Cologne	F	23	73	London	C	20	68	Paris	F	20	68	Wshgtn		—	—
Cpnhgn	C	18	64	L Ang†		—	—	Peking		—	—	Wellgtn	C	8	46
Corfu	S	39	102	Luxmbg	C	23	73	Perth	C	14	57	Zurich	F	23	73

† Noon GMT temperatures.
C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.

Lloyds reports loss Continued from Page 1

than last year but for the provision. Lloyds would also have paid a bigger dividend. Business in the UK credit market is booming and Lloyds is earning increased profits from fee-earning activities like insurance and estate agency. Sir Jeremy also predicted a good second half for the group's core businesses.

The interim results highlighted the problems which Lloyds has experienced in the securities markets, and which obliged it to pull out of the gilt-edged and Eurobond markets last month. Lloyds Merchant Bank, its capital markets subsidiary, reported a post-tax loss of £20m, about half of that due to the expense of shutting down the discontinued operations.

Sir Jeremy said Lloyds had decided not to press ahead with its application for a licence to deal in securities in Japan, but was still interested in becoming an official dealer in the US government bond market.

Townsend blamed Continued from Page 1

two people are being used as scapegoats for errors of the whole community. That is not what I consider British justice."

Mr Peter Ford, the chairman of Townsend, who was appointed by Peninsular and Oriental Steam Navigation following a takeover just before the disaster, said the inquiry report was "tough and pungent."

Mr Ford said the company had already implemented many items mentioned in the inquiry, including safety checks, indicator lights and tougher reporting systems.

Mr Channon, who made a statement within minutes of Mr Justice Sheen announcing the outcome of the inquiry, came under strong pressure from both sides of the House to initiate proceedings against the management of Townsend Car Ferries.

While echoing what he described as the "scathing" criticism made in the report he maintained that there was no precedent for launching proceedings against a company the activities of which had been subject to a formal inquiry such as that conducted by Mr Justice Sheen.

He stressed that a new top management had since been appointed, but promised to examine whether changes were needed in the formal inquiry procedure to permit subsequent legal action.

Accusations from the Opposition benches that officers and crew of the Herald Free Enterprise were being made "scapegoats" while teh company got off scot free were supported, mainly in more moderate terms, from the Government back benches.

Mr Peter Snape, from the Labour front bench, stressed that pleas by Captain Lewry and other senior officers for better arrangements, such as warning lights on the bridge, had been consistently ignored by the company.

He told the Minister "It is your duty to ensure that the cosy world in which your department colluded with indifferent shipowners to ensure that turn-round speeds and ferry company receipts took precedence over pasenger and crew safety is no longer allowed to continue."

Mr Channon, who has only held the post of Transport Secretary for six weeks, retorted that he was determined to ensure that all possible steps were taken to prevent a repetition

The company's new management had tanken the necessary steps to make their ships safe and if any criticism of officers of his department were found to be justified he would not hesitate to take appropriate action.

While there was no reason for undue concern over the fact that some ferries dating from 1965 did not comply with regulations inducted in 1980 their stability standards would be reassessed

WEEKEND FT

Saturday July 25 / Sunday July 26 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Tokyo on the Thames

Not since the Arabs early in the 1970s has London had such an influx of one foreign group. Simon Holberton reports on the Japanese invasion

PEOPLE WANDERING through London's Battersea Park this afternoon may well feel they have passed through a time-warp and been transported to Tokyo. In what must be one of the strangest events on the London calendar this summer, up to 15,000 Japanese residents and their friends are expected at the third Anglo-Japanese *natsu matsuri*, or summer festival.

In this pot-pourri of things Japanese, huge and brightly-coloured fighting kites will joust high in the sky while on the ground there will be an *omikoshi* (portable shrine) parade, a display of traditional *nihon buyo* and *bon adori* dancing, and the somewhat less traditional but still quintessentially Japanese bar-room *karaoke* singing (in Tokyo, as well as the available venues in London, the performer is usually a slightly drunken and sentimental businessman belting out Frank Sinatra's version of *My Way* to a tape-recorded accompaniment.)

The festival also will cater for the culinary and the cerebral. Many of the planned 100 stalls will feature *yakitori*, *sushi*, *soba*, *onigiri*, to name but four of the 14 food specialities to be offered, while the mind will be exercised by an exhibition of *go*, a game of strategy requiring immense skill and patience which is played with black and white stones on a board ruled into squares.

The festival is the work of the *Aujin-kai*, an association made up mainly of former English students who have been to Japan and wanted to promote Anglo-Japanese cultural relations. Despite the vivid display and the numbers of people involved, however, today's extravaganza has received only muted support from the pillars of the Japanese establishment in London.

Diplomats were particularly concerned that "fighting" should be dropped from the description of the kite exhibition in case it reinforced the notion of the Japanese as aggressive, but the Ambassador, Toshio Yamazaki, will attend and deliver a brief message of welcome. Others feel faintly embarrassed at the thought of unrelated snippets of traditional and semi-traditional Japanese culture being paraded before the unknowing and vicarious. The Japanese are, after all, a rather private people.

Not since the Arabs brought many of their petro-dollars early in the 1970s and started to buy up property has London had such an influx of one foreign group. The Japanese penetration includes property (notably, the £143m acquisition of Bracken House, headquarters of the Financial Times) and finance (where their position is fast becoming predominant).

They have come to the UK because, in the words of one foreigner who works for a Japanese bank, London is the biggest legal casino in the world. There is no Glass-Steagall Act (as in the US) or its Japanese equivalent, Article 65 of the Japanese banking code, to separate investment from commercial banking. In this banker's view: "It is just the beginning."

No one is quite sure how many Japanese live in London. Estimates vary wildly: the highest I have heard is 80,000 while the Embassy says that about 20,000 have registered with it. The real figure is believed to be somewhere around 40,000 to 50,000, not including the ubiquitous camera-toting tourists. Five years ago there were perhaps no more than 5,000; indeed, Dusseldorf, in Germany, was considered the Japanese capital of Europe.

Japanese in London can be broken down into three main groups. First, there are the long-term residents, generally women married to Englishmen who have made Britain their home. But there are others who opted to leave Japan because they found it stifling, or, more originally, because they preferred to live in the real Western society rather than the shallow Japanese version of it.

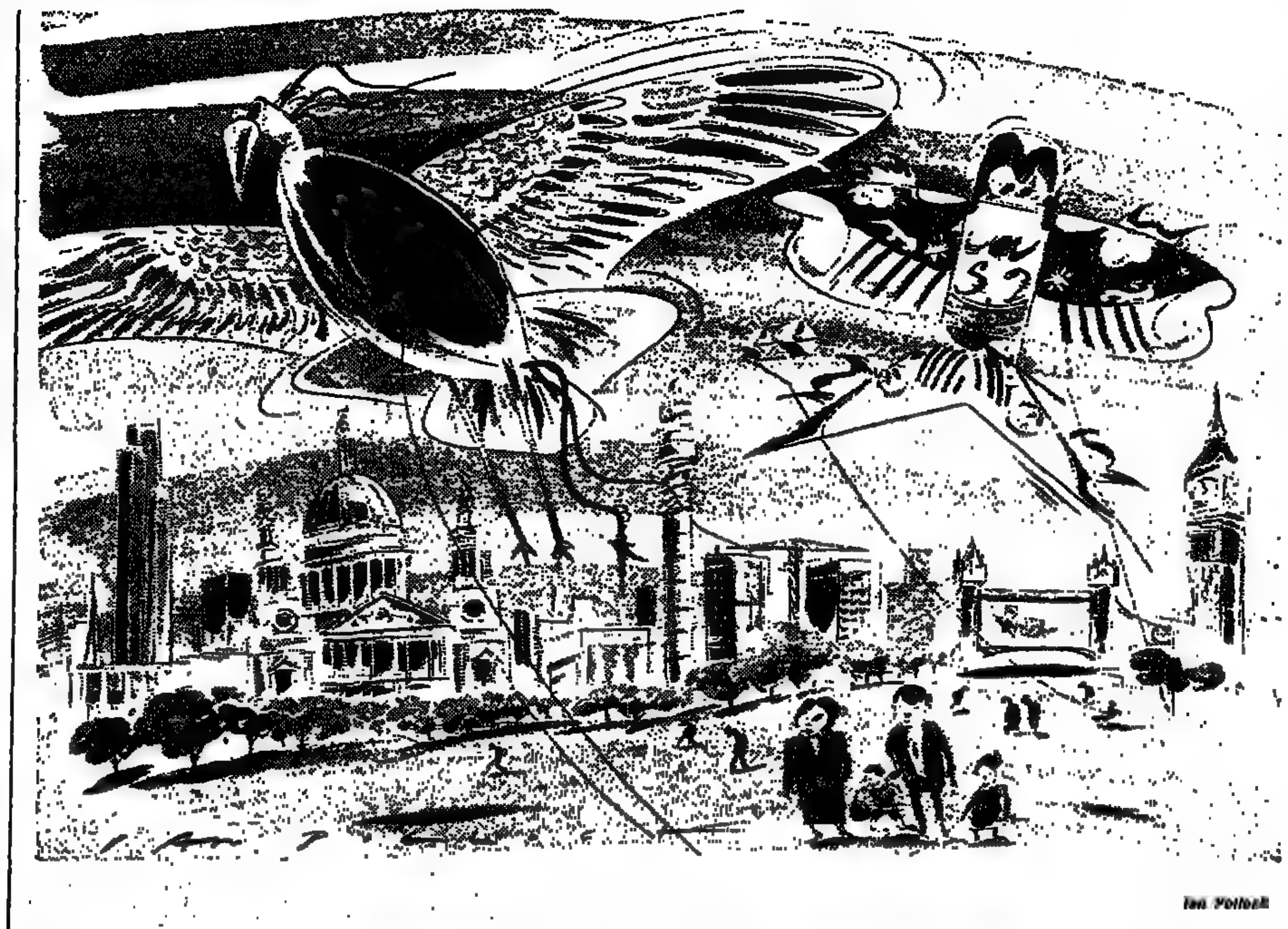
Then there are the Japanese whose companies have posted them to the UK with their families. They make up the bulk of those registered with their embassy and are the ones most concerned with preserving their way of life in Britain's capital. They probably send their children to the Japanese school in Acton (it was in Camden until recently) and live in what the Japanese refer to freely as the "JJ area" (Jews and Japanese) of Finchley, Golders Green and Hendon in north London (although south London, especially the plusher parts of Dulwich, is growing in importance).

Same-day papers from home

Last, there are the students, who mostly are female and in their early 20s. They are usually quite well-off and have come to England for a "foreign experience" before going back to the inevitability of marriage. Since they preferred an English-speaking country, the main choice was between England and the US; they opted for England because they were afraid of being mugged in America. But they have also come for positive reasons: England is known for its up-to-date fashions and music and, besides, it does speak the "Queen's English."

One of the astonishing features of the Japanese community in London is that an expatriate can conduct all necessary business, with the possible exception of buying a bus ticket, without referring to an Englishman or using English. There are estate agents who cater solely for the Japanese; Japanese shops for food and goods; more than 50 Japanese restaurants, bars and clubs; Japanese doctors and dentists; a Japanese telephone book for London; a Japanese garage, and even a Japanese Protestant priest.

There are also three local Japanese-language newspapers-cum-information sheets although those wanting the latest news of Japan can now get home-delivered same-day issues of the *Asahi Shimbun* and the *Nihon Keizai Shimbun*, two of Japan's leading newspapers. And when the time comes to leave England, there is a removalist who caters specially for Japanese people.



Ian Pollock

Services at the corporate level have been slow to develop, if the *karaoke* and hostess bars and Japanese restaurants are excluded; but one company, Thermor Communications, has started up and supplies many Japanese companies with photo-copiers, facsimile and telex machines, Japanese word processors and papers and stationery of all sorts. It also supplies that "anytime, anywhere" servicing of equipment which the Japanese are so used to getting at home.

"The Japanese who come here on a company posting tend to mix with each other," says one knowledgeable observer of the community. "They have few English friends and they play golf at the Hendon Golf Club. The first words of English their wives learn is 'Can I speak to a Japanese member of staff, please?'" Another observer adds: "In a sense they live in London like foreigners live in Tokyo, except that you find that most foreigners in Tokyo will go to *kabuki*, *bunraku* galleries, and travel around the country trying to get to know something of Japan and its culture.

"I would say that no more than one in 100 (of the Japanese in London) would go to the theatre or the ballet or galleries. They live a totally enclosed life. The men work a six-day week and on the seventh they play golf. They go to Spain or Italy for their one or two-week holiday every year."

At least their holiday entitlement on overseas postings is a little bigger than they would get (or, more to the point, take) in Japan. Besides, like most generalisations, this surface perception is at once true and false. The Japanese in London may not do many of the things a Briton might in Tokyo but, like curious expatriates anywhere, many derive as much pleasure from being in the UK, and doing what for them is different, as do foreigners in Japan.

And they have done no small amount in enriching the British capital's cultural life. Toshiba's endowment to the Victoria and Albert Museum has meant that London has the best facilities for displaying Japanese cultural artifacts in Europe; while work is due to start soon, again with Japanese financial help, on rehousing the British Museum's peerless collection of Japanese art.

"I think we have come to realise the real value in life here," says Kenichi Nishizu, an employee with a big Japanese trading house who has lived in London for more than six years. "You have time to think here and decide things for yourself. I'm Japanese, so my values are different from people who live here, but the thing I like is that everyone honours each other's individual rights; in Japan, the collective rights

More freedom for the individual

supersede the rights of individuals. I feel there is more freedom here . . . even for the poor people."

Nocturnal pursuits—drinking, playing *majong*, singing—are as much a part of a Japanese businessman's life as the endless series of meetings in which he engages during the day. Nishizu's night begins when his boss leaves work at 6.00 pm. For the next two hours he spends his time talking with the younger members of his staff, probing them for ideas about improving and extending their business activities in Britain. He is also keen to find out how they are enjoying their work and living in England.

"I finish between seven and eight," he says. "About 30 per cent of the time, I then go out for a business dinner. Half my evenings I'll go out with the staff and play *majong*; and about once a week I'll go home for dinner. If I'm out playing *majong*, I try to get home by midnight.

"I try to preserve the weekends for my family. I'm not so keen on playing golf, although I do. We do a lot of driving on the weekends. We're members of the National Trust and my wife is very interested in gardens, so we go to a lot of National Trust houses."

Not all Japanese businessmen in London try to preserve the weekends for their families, though. As any member of a north London club such as Finchley, Mill Hill or Hendon will tell you, the Japanese like their golf. "I wouldn't say they were good players," says one club manager, "but they are immaculate in every other way."

Their wives are an understanding lo although, if it were not for a number of informal and formal support groups, their lives in Britain might seem fairly desperate. Few speak English as well as their husbands, which is doubly difficult as they are the ones who have to spend most time dealing with the vagaries of English life outside the office. But they show dedication to their husbands similar to that which their men have to their companies.

Mrs Taeko Mori is the wife of a senior executive with one of Japan's biggest securities companies. Her husband leaves for work at 7.30 am each morning and is rarely home before 11.00 pm. He likes to entertain visiting guests in their south London home at weekends—sometimes up to 40 at a time—which requires her to work for two full days preparing the food.

"I know that I am helping and being part of the company, of participating in my husband's business," she says. "Some people say that it must be very hard being married to a workaholic, but I understand that he is very busy and it would be selfish to ask for more of his time."

In London, the securities industry wives have organised themselves into an association, the *Ichimoku-kai*, which is named after the day they meet, the first Thursday of every month. "We get to meet and talk and tell company secrets to each other," Mrs Mori says with a giggle. She also belongs to an in-house *fujin-kai*, or wives' association, known as the *Rosu-kai*, the Rose Club. This group meets less often and is mainly for wives who have just arrived in Britain. "We try to help them fit in, so they don't get too homesick."

Although she mixes mostly with Japanese people, Mrs Mori does make an effort to be involved in local affairs. She is active in making dolls and other traditional crafts which are sold and the proceeds donated to handicapped children, and she is a "volunteer" involved in giving flowers for display in old people's homes. Her idea of England—as an historic land populated by "ladies" and "gentlemen"—was romantic. Nine months after arriving, and a snatch-and-grab robbery on the Underground later, she is a little wiser. "Reality," she says, "is a little different from my image."

Katsumi Mihara, a translator who has lived in Britain for 23 years, puts it another way. "I enjoy living here because the English don't care about other people's business. I like the English indifference."

The Long View

Putting the headlines in perspective

This week's news, according to the market, has been pretty awful—which means simply that it was worse than expected. Anthony Harris explains how to keep your head—as recommended by Rudyard Kipling

EXPORTS in the past three months were 4 per cent lower *than in the three months before* that. Terrible. Exports in the past three months were 6.5 per cent *higher* than in the same period last year. Wonderful — we are beating the world. The same figures, of course; my glass is half full, yours is half empty.

You can play games like this with most economic news; but you would never imagine it if you listened only to the brokers' analysts who are always so happy to get their employers' names into the newspapers and on to the air. They follow a far-from-analytic rule: when the market is going up, the news is good; when it is going down, awful.

In a very limited sense, they are right, for the market is a devout supporter of the theory of relativity. News is never good or bad in any objective sense, but simply good or bad in relation to what the market itself was expecting. The more intelligent brokers publish tables of market forecasts of the economic news to help their clients to decide on sight whether news is good or bad in this market sense.

This is extremely useful to institutional fund managers, who can deal at virtually no expense and often on behalf of funds which are not liable to capital gains tax. The private investor must, however, try to form a longer view; jobbing in and out of the market is simply too expensive.

Here, then, are a few suggestions for getting the headline figures into some sort of perspective. Some of them are counsels of perfection, except for those who keep good files. Others, however, involve no work—just understanding.

First, a simple one: never trust a single month's figures for anything. The reason is bureaucratic: figures are compiled from a flow of official paper, and if anything—a long weekend, staff holidays or a strike—holds up that flow, numbers wait in the in-tray and get into the wrong month. Indeed, one of the safer long-term rules is that a bizarrely good month will be followed by a bad, and vice-versa.

Second, a simple but baffling rule: be suspicious of seasonal adjustment. Nearly all official figures are seasonally adjusted, as they should be; but this is by nature an imperfect process. Seasonal patterns change and the figures are full of what statisticians call noise—random oddities. This can and does result in persistent bumps in what are supposed to be smooth trends.

The present trade figures may be an example (although they may not, which is another problem). The odd pattern which I reported in the first words of this article reflects the fact that the February-May exports figures were *not* only low this year; they were low and *well below trend* in 1986. This makes a *prima facie* case for suspecting the seasonal adjustment; but, unfortuantely, you can only discover this next year.

Third, and more important: remember the broad context of all the numbers you read. This means carrying in your head a few of the important numbers: the present national and developed world growth rates (about 3.5 per cent and 2 per cent respectively) the growth of trade (about in line with output growth these days, although it used to be much faster); and perhaps of wages and manufacturing productivity, which means most for competitiveness (about 8 per cent and 6.5 per cent for the UK).

Boring? Yes; but you must have some objective scale to judge if events are stirring or routine. Take, as another example, the recent figures for consumer spending, which have been widely reported as a high street boom. What actually happened is that spending lagged during the freeze-up (an unadjustable seasonal influence) and then caught up.

The figures were variously reported as up 3.5 per cent in a month (wow!), or up 1.7 per cent in a quarter (which is about 7 per cent at an annual rate, or still going it in real terms). Wash out the short-term oddities and you find that cash retail spending is up 7.5 per cent in value over the last year, slap in line with incomes. Real consumption is up 3.5 per cent in real terms, slap in line with national growth. Ho hum.

Statistical context is easy; economic context is a little harder, but not much. To look at another half-full, half-empty issue: Britain is at present about the fastest-growing economy in the developed world. You'd hardly believe it. The British current account is probably drifting into deficit.

These two facts are not, as you might suppose, the good news and the bad news; they are essentially the same news. Faster-growing countries usually tend to have a weaker balance of payments, slower-growing nations a stronger one, which is why we hear so much international fuss about policy co-ordination and locomotive economies.

Even this fact needs a further context: some countries, such as Japan, have a persistent tendency to underspend their incomes; others are near balance and still others (mainly poorer ones) cannot achieve decent growth without importing capital—which is reported, through double-entry principles, as a current account deficit. But it is still true that the balance is sensitive to relative growth.

Finally, the most emotive scare of all—inflation. I can offer you one rule here: remember that inflation is not a problem in itself, but an adjustment to some other problem. Identify the problem and decide for yourself how serious it is.

Are wages rising because of militancy or because some efficient industries are setting a cracking pace? Are house prices rising because we are all trying to crowd into the same place or because we are scared to hold any other asset? Is the market rising because profits are rising or has it got to the stage of going up because it is going up? And so on.

As Rudyard Kipling didn't quite say: if you can keep your head etc, you will become tolerably rich.

• CONTENTS •

• MARKETS •

Up dale, down hill

UP ONE WEEK, down the next. Few accounts can have split so dramatically as the past fortnight's trading in London.

After adding 61 points during the first four trading days, the market turned on the Friday. Last week, there was an 88.5-point collapse over the four days—only to be followed by a modest upbeat correction yesterday, partly on the back of Tokyo's record rise. Overall, it left Footsie at 2,346.9, 35 points lower over the account and still 82 points higher than its immediate pre-Election level.

What does it all mean? The specific causes for last week's trading pattern were plain enough. Temporarily bearish noises from some normally bullish analysts started the upset. Then on Monday, there were the bank lending and retail sales figures to contend with, and both showed a surge. Seasonally adjusted, the former rose £3.9bn last month, compared with the average monthly growth of £2.4bn in the previous six month, while June sales volumes bounced 3.1 per cent higher.

All this prompted fears that consumer spending is getting out of control, that imports are being sucked in, that inflation will inevitably rise and interest rates do likewise. Matters were merely aggravated on Wednesday when news of a surge in Britain's visible trade deficit during May—more than doubled from the previous month to £1.16bn—also hit the market. With only a £600m surplus on invisibles, the current account balance was £561m in the red.

Coming after a steady run of cheerful economic news, the figures were a shock — big enough to drive Footsie down by 46 points, within a hair's breadth of its largest-ever one-day fall. Gilts suffered equally; falls extended beyond two points and the yield on high coupon longs rose to 9.39 per cent by Wednesday night.

On reflection, however, most analysts recovered their nerve and decided that the reaction had been overdone. The

London

apparent retail spending boom owed quite a lot to the vicissitudes of Britain's weather — clogging up sales in the previous month — and trade figures are notoriously erratic. And while no-one is concealing that an import surge is scarcely the best news, particularly if export growth is waning, some point out that it does reflect industrial restocking as well as consumer demand.

Moreover, the pound held up well. Between the end of last week and Thursday's close, it had eased by less than half a cent against the dollar. Comforted on that front, and still looking ahead to encouraging corporate growth in the autumn results season, the bulls refuse to be depressed.

That said, the stream of cash calls on the market, prospective and actual, continues. Last week, the actual ones included Capital & Counties (£182m), Etam £34m), Hillsdown (£40m vendor placing), and Tyndall (£143m). In the wings is a potential wave of FKI Electricals paper, should the £415m bid for Babcock go through. By the autumn, there will also be Eurotunnel and, the market learned last week, the mamoth £1.5bn BP issues sitting on the shelves. Admittedly the latter will be launched in partly-paid form. But even the market's most enthusiastic supporters cannot find many grounds for summer sparks.

The results front last week was dominated by the onset of the banks' reporting season. Midland had taken the heat out of its own news by the earlier rights issue/increased provisions announcement made at the beginning of the month. At face value, the bank's pre-tax profits for the half-year to end-June rose 29 per cent to £251m —with sharply reduced figures from investment banking and static earnings on international banking side offset by a strong performance on the domestic commercial front.

But the market was well warned to the fact that Midland would also be taking increased provisions against third world loans below the line. Adding these back gave a loss of £665m.

Lloyds, by contrast, followed NatWest's lead and took everything on the chin. Ahead of exceptionals, the first half pre-tax figures rose modestly from £335m to £369m, but was then sent spinning to a £697m loss (£335m profit) by the £1bn third world provisions. Like Midland, there was a good improvement on the domestic front—and like Midland, costly debacles on the investment banking front, this time from eurobond and gilts trading. But while Midland merely held its dividend, Lloyds managed a 10 per cent increase to be paid from reserves. Even so, the market refused to be entirely placated and marked the shares down 5p to 405p.

There was little joy for the supermarkets group, Dee Corporation, either, when it turned out a 52 per cent advance in pre-tax profits for the year to April 25 at £192.2m. The chunky advance is on the basis of merger accounted figures—following the Fine Fare acquisition last June—and at the earnings per share level translates into a 29 per cent increase. But analysts had been expecting at least £195m, and were thrown out of kilter by disappointing figures from the US acquisition, Hermans Sporting Goods (hit by a lack of snow), and the unexpectedly costly integration of Fine Fare.

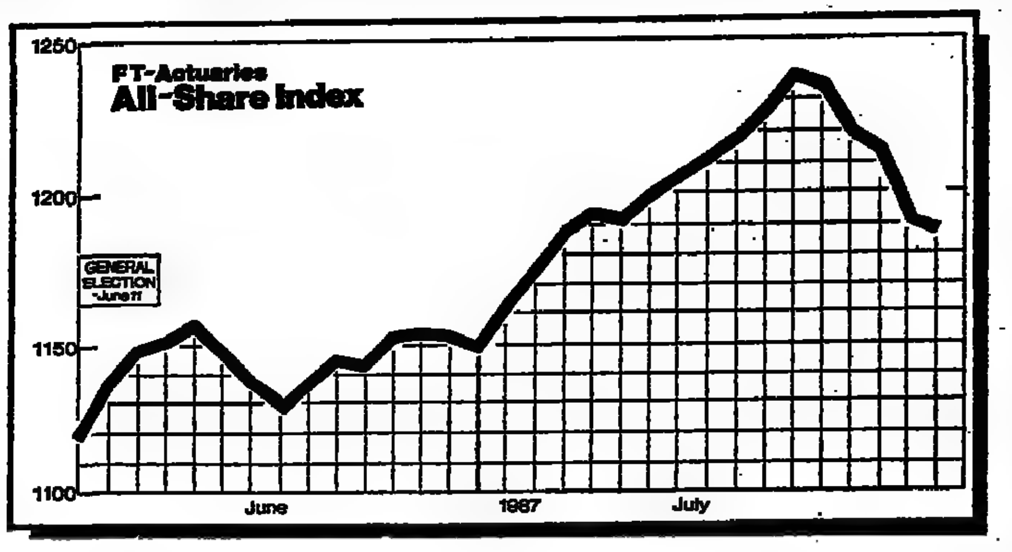
Worse, Dee warns that the first half this time will continue to reflect those strains and, with the shares down 22p to 225p on the figures, the historic multiple sank to under 13. Still, even if the current year is less than dynamic, the market decided that this sort of divergence from the sector average looked slightly askew; the shares promptly recovered a couple of pence on Friday.

The current wave of agreed deals, meanwhile, continues apace, with Smiths Industries pipping GEC for the US group, Lear Siegler Avionics, and Tyndall Holdings making a chunky purchase on the Australian financial services scene.

Surprise of the week, though, was FKI Electricals, the much smaller but acquisitive company which recently rode to the rescue of Stone International. On Tuesday, it unveiled a £415m cash or shares bid for Babcock International, the old-established engineering group. That Babcock should be up for grabs caused no astonishment — BICC and GEC have been mooted suitors in the past — but the market is not entirely convinced that FKI will carry off the prize. Babcock shares stood at 309p by Friday lunchtime, compared with FKI's 310p cash alternative, while FKI dropped to 180p, down 23p since the bid was announced.

As for latest privatisation stock, BAA, certain institutions appeared willing to pay 310p in the tender; and with the cut-off set at 282p, the advisers could claim that the hybrid sale mechanism had pulled in an extra £56m. That in turn suggests that small investors who received 100 shares in the fixed price part of the offer could see modest gains next week. Indeed, would-be stags may even come out with some profit after dealing costs. And any profit, after last week, should not be sniffed at.

Nikki Tait



Nagging problem on BES

A NEW MARKET must have teething problems and the Third Market, despite the recent rise in its index, is having its fair share.

One of them is a fundamental "design flaw" for BES companies. That they cannot become subsidiaries of other groups in the first three years of their time on the scheme without losing tax relief for investors. So a takeover would in most cases be bad news for investors.

However, the nature of most new issues is that only a minority of the equity is on offer. BES investors are, therefore, almost certain to have fewer votes than non-qualifying shareholders—usually directors and investment institutions. That was certainly true of Neilson Leisure, the tour operator that recently launched an offer for subscription.

Now what happens if an offer is made for the company at, say, 30 per cent over the issue price? That looks good news for the majority of investors. But for the BES investors, who might lose tax relief of up to 60 per cent, it might seem a very bad deal indeed.

The position of the sponsor, all-important in the Third Market, might become extremely awkward in such circumstances. Looking after the position of all shareholders would seem to require recommending the bid, especially if it has commercial logic. But the interests of its private clients, whom it persuaded to invest in the company at the time of the offer, would run directly counter to that view.

To add to the complexity, BES sponsors often take options in the sponsored companies, the exercise of which might prove to be extremely profitable in the event of a takeover bid. However robust the Chinese walls between corporate finance and investment management departments, BES investors might start asking awkward questions about a sponsor's judgement, if it recommended an offer in which it profited and they lost out.

Some kind of safeguard seems necessary against this problem.

Junior Markets

Another Third Market question which cropped up this week was the "one year rule." Never heard of it? Neither, apparently, had Corton Beach, the mini-conglomerate which had announced plans to move speedily from the Third Market to the USM.

The Stock Exchange says it has a guideline, not a rule, that all companies should have a "period of consolidation on a market and that a year seems a reasonable length of time. So Corton Beach will have to wait.

There is no mention of the guideline in the Stock Exchange's booklet on the Third Market, but apparently it has also been applied to USM companies wanting to join the main market. Future "high-fliers" please note.

There have been plenty of high-flying share prices on the junior markets over the past year as was illustrated when Throgmorton USM Trust, a fully-listed investment trust specialising in the second tier, produced its interim figures this week.

They were impressive results: net assets per share were 81 per cent higher than a year earlier and had grown by 65 per cent in the first six months of the year, ahead of the USM index. Throgmorton's shares, which were offered at 100p 18 months ago, now stand at around 184p.

County NatWest figures show that the star performer was the financial sector, which rose 74 per cent, but the much-battered computing sector also outperformed the index, rising by 67 per cent.

The result of this dramatic rise has been that the USM is now capitalised at £8.5bn, still less than ICI, but a significant amount. However, it is interesting that although the flood of new issues has not halted—38 in the first six months of the year, higher than in last year's first half—the amount raised by such issues is only £85m, compared with £289m in the whole of 1986.

It may well be that the change in placing rules, which were altered to allow main market companies to raise up to £15m without an offer for sale, has meant that larger potential USM entrants have been diverted to the full list.

The change in placing rules has also meant that private investors have usually been unable to obtain stock until dealings on the market have begun. As a result, County reports that the average first-day premiums have risen from 8.5 per cent last year to 23 per cent in 1987. "We believe," County says, "that the Stock Exchange should take a further and more detailed look at these rules."

Philip Coggan

INDEX LOSS OVER THE PAST WEEK

The following table lists the changes in the FT Ordinary Index and its constituents since July 17 1987 to date. The FT-SE 100 Index is also shown.

	Price y'day	Change on week	1987 High	1987 Low		Price y'day	Change on week	1987 High	1987 Low
FT Ord. Index	1,845.0	−71.9	1,926.2	1,320.2	Glaxo	£17¼	− 0¼	£18½	£10½
Asda-MFI	203	−11	226½	142½	Gnd. Metropltn.	575	−15	605	439
Allied-Lyons	452	− 4	471	317	Guinness	370	− 8	389	264
BICC	424	—	426	269	Hanson Trust	183	− 7	192½	134
BOC Internnl.	522	−30	569	370	Hwkr. Siddeley	584	−15	624	446
BTR	334	−18	360	257	ICI	£14½	− 0½	£15¾	£10½
Beecham	564	−23	589	437	Lucas Indusis.	722	−57	795	465
Blue Circle	505	−45	579	335	Mks. & Spencer	256½	−14½	280½	180
Boots	312	− 2	329½	229	NatWest Bank	755	−28	794	536
British Gas	186	− 7	200	106	P & O Deferred	742	−32	776	523
BP	376	−31½	416	238	Plessey	206	−19	258	176
British Telecom	288½	− 5½	337	209	Royal Insurance	555	− 2	589	423
Cadby. Schwps.	274	−11	289	187	Tate and Lyle	892	−17	922	560
Courtaulds	486	−26	528	304	Thorn EMI	758	−40	830	468
GEC	242	− 5	251	184	Trusthse Forte	269	− 7	280½	179
GKN	386	−13	410	272	FT-SE 100 Ind.	2,346.9	−81.3	2,443.4	1,674.5

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.00	3.04	2.29	1.67	monthly	1	—	0-7
High interest cheque	5.50	5.61	4.23	3.08	monthly	1	1,000-4,999	0
High interest cheque	5.80	5.93	4.46	3.25	monthly	1	5,000-9,999	0
High interest cheque	6.20	6.35	4.78	3.48	monthly	1	10,000-49,999	0
High interest cheque	6.50	6.66	5.02	3.65	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bonds	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	5.46	5.59	4.21	3.06	monthly	1	2,500 minimum	0
Provincial Trust	6.77	6.98	5.26	3.83	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.60	6.51	5.12	3.96	half yearly	4	—	0
10pc Treasury 1990	9.39	6.72	4.94	3.46	half yearly	4	—	0
10.25pc Exchequer 1995	9.54	6.84	5.04	3.54	half yearly	4	—	0
3pc Transport 1978-88	6.56	5.73	5.18	4.72	half yearly	4	—	0
2.5pc Exchequer 1990	6.37	5.64	5.16	4.76	half yearly	4	—	0
Index-linked 1990¶	6.25	5.71	5.35	5.05	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross, 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Pre-debt bank profits to rise

ECONOMIC NEWS, next week, features the City of London's overseas earnings on Thursday. Meanwhile, the corporate list takes in interim reports from National Westminster and Barclays on Tuesday and Thursday respectively—expected to reflect thriving domestic business, generally dull performance in international banking in general and massive provisions against Third World debt.

NATWEST bit the bullet in mid-June, when it raised its Third World debt provision by £466m. Excluding that, half year profits would have been expected to rise from £492m to £560m before tax, on the way to a total of between £1.1bn and £1.3bn for the year.

BARCLAYS is expected to lift pre-tax profits from £434m to £510m before extra provisions variously estimated between £400m and £500m. Additional staff, which added to costs in 1986, are expected to lift revenues in the current year.

The corporate week begins with Monday's interim from REUTER, heralded by one analyst as: "a world beater . . . one of the very few British high-tech companies which has taken on international competition and beaten it into the ground."

Reuter certainly seems to have had far greater success getting into the US market than the Americans have achieved over here; and its distribution deal with Jiji Press to carry Jiji's Japanese financial, economic and political news outside Japan is seen here as a major breakthrough.

Analysts are going for £70m to £72m pre-tax at the half-way mark, within forecasts of doubled earnings in the three years 1986-89.

Two of the world's industrial majors report quarterlies, Philips of the Netherlands on Wednesday, and ICI on Thursday. Philips has been saying it wants to be "leaner and meaner"; ICI has made expensive forays in agrochemicals and seeds, both of which look like long term propositions.

The "leaner" PHILIPS is producing its second quarter figures early, against a mid-August date last year; they follow a 42 per cent rise in first quarter net profits; and although last week's quarterly from the North American subsidiary produced growth which

Results due

was more apparent than real, analysts are still going for Fls 228m, against Fls 208m previously, for April/June.

ICI is expected to have a bumper year in 1987, with pre-tax profits up from barely over £1bn to £1.3bn. The first quarter ran in on target with a 63 per cent rise to £334m, like Philips comparing with a depressed three months of 1986. A second quarter bringing £350m, against £268m, would make most people happy; the question is whether ICI, sooner or later, will need more equity money for its strategic shopping purse.

BRITOIL'S interim sees the week out on Friday. Here, it is the dividend that counts. Last year it was halved and saw the shares down to 101p against the prices of 215p and 185p at which nearly 250,000 small shareholders had subscribed.

This year the City is hoping that the interim will be raised from 2p to 3p a share out of net profits, on a re-stated basis, of £45m, against £33m, for the whole of 1986. The shares, following the oil price up from $8 a barrel in the 1986 depths to over $20 today, have trebled since their 1986 low.

William Cochrane

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Banks, Sidney C.	Thursday	3.5	8.0	4.0
Black, Peter	Thursday	—	1.8	—
Border Television	Monday	—	—	0.8
Clark, Matthew and Sons	Tuesday	3.0	8.0	3.5
Cowan de Groot	Monday	1.2	1.2	1.2
Cray Electronics	Thursday	0.9	2.9	1.2
F. and H. Group	Wednesday	—	—	1.6
Forminster	Friday	2.0	4.5	2.2
Gibbs Mews	Friday	1.1	2.5	1.5
Havelock Europa	Wednesday	1.1	2.9	2.0
Kenyon Securities	Tuesday	3.4	7.0	4.0
Mercantile House	Wednesday	4.2	9.7	4.2
Merrydown Wine	Friday	0.8	4.4	—
Mieya	Wednesday	—	—	—
Mountleigh Group	Monday	0.5	1.2	0.8
Murray Smaller Markets	Tuesday	0.4	0.8	0.4
Neepsend	Thursday	—	0.1	—
Newmark, Louis	Friday	5.0	9.0	5.0
Radiant Metal	Friday	1.0	1.5	—
Radius	Tuesday	1.0	2.0	—
Smith, David S.	Wednesday	—	2.8	1.7
Stavert Zigomala	Wednesday	—	9.2	—
Stewart and Wight	Thursday	—	27.5	—
Tax Holdings	Friday	1.5	3.0	1.5
Watshams	Friday	1.2	2.4	1.3
Worthington, A. J.	Monday	—	—	—
INTERIM DIVIDENDS				
Arncliffe Holdings	Wednesday	—	—	
Barclays Bank	Thursday	9.5	—	
British Vita	Friday	2.6	3.7	
Britoil	Friday	2.0	6.0	
Bullough	Monday	3.2	7.4	
Cardiff Property	Friday	0.8	1.2	
Commercial Bank of Near East	Thursday	—	30.0	
Control Techniques	Monday	1.0	2.0	
Gestetner Holdings	Monday	0.5	1.0	
Hill and Smith	Thursday	1.1	2.4	
Huntingdon Intnl.	Wednesday	—	—	
Imperial Chemical Industries	Thursday	14.0	—	
Jacobs, John I.	Thursday	1.4	2.5	
Jourdan, Thomas	Tuesday	1.2	3.2	
Leisuretime Intnl.	Tuesday	1.3	0.4	
Lex Service	Thursday	4.1	6.5	
Lowe, Robert	Monday	0.5	1.2	
Mount Charlotte Inv.	Tuesday	0.6	1.0	
National Westminster	Tuesday	7.0	13.5	
Newman Ind.	Monday	0.5	0.8	
Portsmouth and Sunderland	Friday	1.1	3.3	
Questel	Tuesday	2.2	2.5	
Reuters	Monday	1.7	3.7	
St Modwen Props.	Tuesday	—	0.2	
Tribble Harris	Monday	—	—	
Updown Investments	Tuesday	—	5.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Am Elec Comps	42¾	40½	36½††	47.82	Burgess
Babcock Intnl	310*	309	285½††	414.67	FKI Elec
Colima Ind	273	265	248	24.76	Dubilier
Detron Ind	64.88*	68	48	9.73	Wavetek
Dartford Stamping	510§	513	443	36.90	Carclo Eng
Hogg Robinson	600*§	633	589	276.07	TSB
Halden Hydraulics	275§	284	219	10.08	BBA
Holt Lloyd	178	189	158	80.47	Morgan Crucible
Jarvis (J.)¶	750*§	810	775	7.60	Brookville Secs
Lloyd (F. H.)	95	89	116	22.89	Triplex
Marina Dev¶	125*§	370	132	9.32	Clinthelme
Mayfair City Prps	235	215	239††	38.20	Rivlin
Mercantile House	540§	521	455	496.09	Brit & Commonwlth
Miss Sam	262½	223	192	42.00	[illegible] Leisure
Mitchell Cotts	83½	84	71	55.63	[illegible]
Molins	300†	306	245	87.94	[illegible]
Octopus	481	475	420††	335.00	[illegible] Intl
Plastic Constructs	128	136	136	7.77	Glynwed Intl
Rockwood¶	257§	261	234	21.52	Yale Catto
Riley Leisure¶	90§	97	75	15.79	Midsummer Leisure
Rohan Group	343	345††	345††	43.01	Phoenix Prp & Fn
Rotunda¶	198*§	198	146	14.21	Scapa
Ryman Group	192.90†	191	194	18.21	Pentos
Scholes (G. H.)	550§	613	490	70.69	Delta Group
Sims Catering	165*§	328	145	6.15	Mr R. Randell
Stewart Wrightson	616§	607	590††	272.02	Willis Faber
Stockley¶	161	163	124	302.82	Mountleigh
Stone Intnl	120	117	154½	41.54	FKI Electricals
Wordplex	162	151	130	16.52	Norsk Data

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 24/7/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aim Group	Apr	2,360	(1,730)	14.0	(9.6)	6.0	(5.7)
Amalgamated Fin	Mar	405	(123)	—	(—)	—	(—)
Appld Holographics	Mar	823L	(670)L	—	(—)	—	(—)
Arlen	Mar	1,450	(467)	11.3	(3.9)	2.0	(—)
Barbour Index	Apr	1,700	(—)	12.8	(—)	2.5	(—)
Bertam Hldgs	Dec	1,170	(780)	3.9	(2.3)	1.0	(0.9)
Bespak	Apr	1,970	(808)	9.9	(4.5)	4.5	(4.3)
Black Arrow	Mar	2,430	(1,626)	22.6	(15.4)	6.2	(5.0)
British Bloodstock	Mar	745	(1,230)	11.9	(20.5)	3.5	(3.5)
BTS	Mar	511	(382)	7.4	(9.4)	4.2	(4.0)
Calor Group	Mar	70,300	(73,200)	30.7	(26.8)	—	(—)
Cap Group	Apr	5,520	(3,760)	10.4	(7.9)	1.5	(1.3)
Creighton Lab	Mar	590	(479)	10.5	(8.2)	2.7	(—)
Dee Corp	Apr	192,200	(83,000)	17.7	(13.7)	8.9	(7.2)
Elbief	Apr	462	(803)	1.6	(2.6)	1.5	(1.5)
Firth Gm	Mar	3,110	(2,480)	5.7	(4.4)	1.5	(1.0)
Fredericks Place	Mar††	704	(543)L	2.7	(—)	1.0	(—)
GUS	Mar	337,600	(290,300)	88.1	(72.0)	24.5	(21.0)
Harris Phillip	Mar	1,190	(1,080)	23.8	(30.9)	10.0	(9.2)
Jackson Bourne	Mar	388	(105)	16.7	(4.2)	6.0	(6.0)
Jermyn Inv	Dec	70	(13)	16.2	(11.2)	2.5	(2.0)
[illegible]	Apr	2,180	(1,640)	12.0	(9.9)	2.2	(2.1)
Multitone	Mar	436L	(1,440)L	—	(—)	0.1	(0.1)
Park Food	Mar	2,820	(2,230)	16.5	(12.3)	4.5	(4.2)
Porter Chadburn	Mar	352	(506)	1.5	(3.0)	2.0	(2.0)
Ransom William	Mar	634	(562)	3.3	(4.0)	1.1	(1.0)
Rush & Tomkins	Mar†	4,670	(3,740)	17.9	(14.6)	10.5	(—)
Stanley Leisure	Apr	2,500	(1,730)	15.1	(10.2)	4.0	(3.2)
Sterling Group	Mar	3,520	(2,380)	19.2	(15.3)	2.3	(1.9)
Sutcliffe Speak	Mar	805	(171)	6.2	(0.8)	—	(—)
Thorpac	Mar	412	(331)	3.3	(2.1)	1.3	(0.8)
Tomkins F. H.	May	30,100	(7,360)	14.4	(8.8)	3.0	(1.7)
Turnbull Scot	Mar	447L	(87)	—	(11.0)	—	(—)
Victoria Carpet	Mar	1,540	(1,740)	16.5	(18.5)	2.7	(2.5)
Waterglade	Mar	3,100	(1,190)	—	(—)	—	(—)
Webb Joseph	Mar	526	(304)	1.3	(0.8)	0.6	(0.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aaronson Bros	Mar	2,850	(1,200)	1.7	(1.2)
Allied Textile	Mar	3,630	(3,090)	3.4	(3.0)
AMS Ind	May	947	(1,120)	0.5	(0.5)
Argyle Tst	June	475	(323)	—	(—)
Charterhall	June	2,700	(5,250)L	—	(—)
First Leisure	May	2,830	(2,070)	3.0	(2.5)
Greenfriar Inv	June	134	(112)	—	(—)
Green Prop	June	655	(556)	1.1	(1.1)
Isle of Man Enter	Apr	16L	(55)L	—	(—)
Jersey Electricity	Mar	1,720	(1,220)	7.0	(6.0)
Johnstone Paints	May	596	(547)	1.5	(1.0)
Midland Bank	June	251,000	(195,000)	11.5	(11.5)
Owners Abroad	Apr	2,580L	(2,490)L	—	(—)
Temple Bar	June	2,540	(2,620)	2.84	(2.38)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † Bracketed pre-tax figures for 15 months. †† This year's figures for 15 months. L Loss.

RIGHTS ISSUES

Amalgamated Financial have announced a rights issue and if shareholders agree some 13.6m shares will be issued on a one-for-two basis at 30p to raise £4m.

Benchmark is to raise £7m via a two-for-five rights issue.

Close Brothers is raising £24m via a one-for-four rights issue, 6.47m new ordinary shares will be issued at 205p.

Lance has announced a £2m rights issue on a one-for-three basis and an acquisition, 2.34m shares are being offered at 70p.

Temple Bar plans to raise £22.3m via an innovative rights issue of convertible stock, the company will issue up to £22.9m of 6 per cent convertible loan stock 2002 at par on the basis of £2 nominal convertible for every five ordinary, the stock will be convertible into ordinary at a rate of one ordinary for each £3.17 nominal of convertible stock.

Wellman has announced a £2.3m one-for-four rights issue, 6.42m shares will be issued at 40p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Andaman Resources is joining the third market via an introduction.

BP is to raise £1.5bn via an offering of shares this autumn.

Citygrove plans to raise £3.5m in a placing of 1.26m shares at 280p.

Debenham Tewson is coming to the stock market through an offer for sale which will value the company at £46.1m. A quarter of Debenhams equity is being offered at 170p, making the value of the issue at £11m.

Etam raised £33.7m through a placing of 10.80m shares at 319p.

Kingsgrange is joining the main market via a placing valuing the company at £20m, 3.24m shares are being issued at 140p.

Kingston Oil and Gas is to come to the stock market via a placing of 2.4m shares at 100p which will value the company at just over £7m.

Lynx is coming to the third market via a placing of 3.67m shares at 65p.

Neilson Leisure is to join the third market via a placing of 1.85m shares at 102p.

Rural Planning Services is to join the USM via a placing of 1.43m shares at 70p.

MARKETS

A tale of two offers

Wall Street

IN MAY last year the Henley Group, a motley collection of unwanted industrial assets with a combined pro-forma loss of nearly $100m, was put together by Allied-Signal, the large US industrial conglomerate. These tired old businesses, ranging from a soda ash manufacturer to a Houston-based construction company, were then handed over to Allied president Michael Dingman to launch on the US stock market, in what was the biggest initial public offering up to that time.

Dingman initially thought of asking only $200m for his pile of assets, which Wall Street effectionately nicknamed "Dingman's Dogs." But the clamour of market demand was too great. The stakes were raised six-fold to $1.2bn and the company subsequently said that it could have obtained as much as $3bn from Wall Street at the initial offering price of $21¼ a share.

The reason for the market's enthusiasm was plain: Dingman's formidable reputation as a dealmaker and company doctor, a man who, in his own words, was "not intimidated by any company that may be sick or lethargic."

Investors rubbed their hands at the prospect of huge takeovers and restructurings, all designed around Dingman's single-minded management concept: to buy undervalued companies and then "increase shareholder values" by eschewing such old-fashioned concepts as dividend payments and profits and concentrating instead on asset sales and cash flow.

For more than a year now, investors had been impatiently awaiting Dingman's big play—and on Wednesday this week he made it. His move is not, however, quite what the punters had expected.

Henley announced that it was launching a $700m tender offer not for another company but for roughly a quarter of its own shares. This curious manoeuvre may tell us more about the present state of the US economy and stock market than the flood of generally satisfactory, but unexciting and thoroughly discounted, earnings figures which have been dominating the financial news in the past week.

The Henley buy-back seems particularly intriguing in combination with another of this week's major corporate stories: the $600m bid by Carl Icahn for Trans World Airlines, a bid which is unusual only because the celebrated corporate raider's quarry this time happens to be a company he already owns.

Consider first the Henley buy-back. There are always at least two ways of looking at such a transaction. It suggests that management view the company's shares as under-valued in relation to other financial instruments. But it also indicates that management see no opportunities to invest the company's cash flow profitably in its own activities or in new businesses which could be bought at current stock market prices.

The latter argument is surely a worrying commentary on the current level of the stockmarket. If a financial operator of Dingman's prowess is unable to spot outstandingly undervalued companies to be snapped up in today's stock market, it is strong testimony in support of the more objective economic analyses which suggest that the strongest fundamental force behind the bull market may finally be spent: it may no longer be cheaper to buy a company on the market than to build it up from scratch.

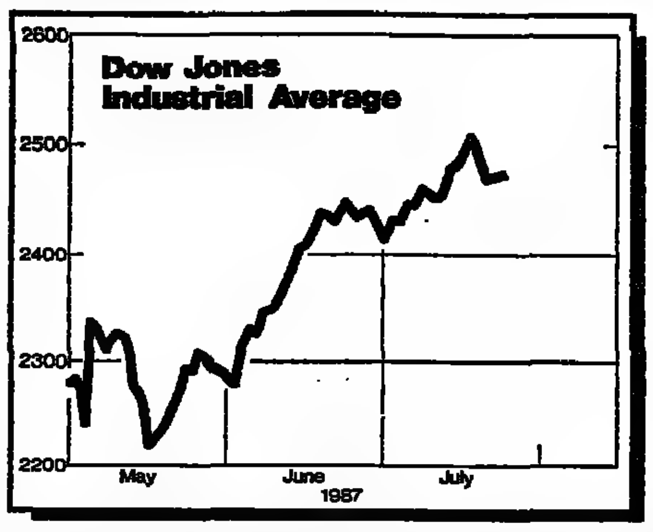
But what about the first case on a share buyback? Does it not imply a belief on Dingman's part that Henley shares are undervalued at the stock-market's current level? Investors who bought into Henley last May at $21.25 a share can sell out today at $28, realising a gain of 32 per cent. In the same period the Standard & Poors 500 index has risen by 30 per cent.

Considering that Dingman's deal-making has so far failed to live up to the market's initial exuberant expectations, and that the company's underlying losses have actually increased since last May, it is hard to see that Henley shares are any more attractive today than when the company was launched. There is, however, another sense in which a share buyback appears an excellent bargain for Henley —and it connects with the Icahn-TWA bid.

Henley is paying for its own shares out of a $2.5bn bank line of credit—an indication, as the company notes, that "capital is readily available in the marketplace" to finance any future deals which Dingman may have in mind. "Henley no longer needs the major equity base it has to effect even the largest scale transactions," Henley concludes in its buyback prospectus.

Icahn's motivation for taking TWA private is exactly the same. Although the company, of which he currently owns 73 per cent, has no equity base to speak of, Drexel Burnham Lambert has offered to provide it with a further $600m in financing which would enable Mr Icahn not only to buy out the minority shareholders, but also to pocket over $440m while consolidating his control over the company.

As long as banks and bond investors are willing to finance ever-higher levels of leverage on the basis of an ever-shrinking equity base for corporate America — in effect taking an equity-level of risk in return for only a fixed-interest level of reward — there is no reason why Wall Street should not go on rising. But bankers had better beware the day when the financial merry-go-round stops.



MONDAY	2487.72	−22.32
TUESDAY	2467.95	−19.77
WEDNESDAY	2470.18	+ 2.23
THURSDAY	2471.94	+ 1.76

Anatole Kaletsky

No end to the big rise

Brussels

A YEAR of corrections: this was the prognostication of many analysts at the beginning of 1987, as investors braced themselves for an end to the six-year bull market in Belgian shares.

How wrong they have been! With few pauses for breath the Brussels Bourse has since continued its giddy ascent and this week hit a new high between 20 and 25 per cent above its January level. The so-called Return Index (income re-invested) stood at 5114 on Thursday night, compared with 4081 at the beginning of the year, while the Cash Index which measures straightforward capital gains was standing at 3361, compared with 2767 just seven months ago.

The fact is that the strong inflow of money from foreign investors, as well as steady local buying, has pushed up values in a market which on fundamental grounds can still be made out to look cheap by international standards. The process started in 1981-82 and has gathered pace as the big European, US and far eastern investment institutions have sought to diversify and build up an adequate "weighting" of Belgian shares (as well as other European stocks) in their portfolios.

Solvay (chemicals), Petrofina (oil explorations), Gevaert (photographic and office equipment) and the supermarket groups GB-Inno and Delhaize are typical of the local blue chips which regularly attract overseas attention and indeed were among those mentioned in a widely-noticed article in the American magazine Barrons Weekly earlier this month.

The rush of foreigners, however, is creating ripples beyond those that simply buffet the indices. The best example is the intense recent activity in and speculation around the shares of Société Générale, the country's biggest commercial and industrial holding company, a group which has a finger in just about every Belgian pie. Along with the Barrons article and the launch of two new Index funds, this burst of excitement seems to have been responsible for the particular strength of the market as a whole in the past four to five weeks.

Who exactly has been buying 'La Générale's" shares remains an intriguing mystery and one that may remain unsolved for some time, given that for the moment at least there is no law requiring sizeable share stakes in public companies to be disclosed.

Just about everybody has been mentioned, including Italy's Carlo de Benedetti, Britain's Lord Hanson and GEC, Japan's Nomura Securities and (more plausibly) a group of Flemish investors who are thought to have built up a 6 to 10 per cent stake.

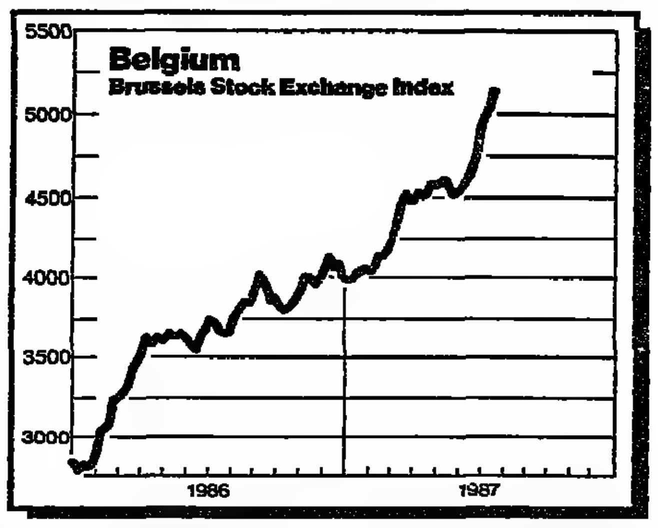
In the past few days, the fever appears to have abated with no bidder emerging and La Générale's directors rumoured to have been rallying their friends in support. The shares have drifted from their peak of BFr 4,200 a week ago, closing on Thursday night as BFr 4,055. An increasing number of analysts, moreover, point out that the company looks overvalued in relation to the estimated value of its assets while the 1986 results announced this week do not make for altogether happy reading.

While consolidated earnings per share at BFr 276 are comfortably ahead of the 1985 total and in the middle of the range of brokers' expectations, the result was only achieved with the help of non-recurring capital gains, notably the sale of Société Générale's shares in the Canadian company Genstar. The underlying trading position in group companies like ACEC, Fabrique Nationale and G Chem is rather less healthy.

The speculative in the Societe Generale share price is reflected in its 14.7 price/earnings ratio, which compares with a p/e of 10.5 for Groupe Bruxelles Lambert, the other big Belgian holding company. GBL admittedly is currently overshadowed by the possible effect on Drexel Burnham Lambert of the Boesky scandal in the US, but in the absence of any major bad news is tipped by some as an interesting buy.

The main question inevitably in Brussels is where the Bourse as a whole is heading for the second half of the year. Comparisons with other European and international stock markets will inevitably continue to draw in outside investors but as Andrew Beier, of stockbrokers De Waay, points out, "a p/e is only a photo of the present situation and simple p/e comparisons do not take into account the dynamic behaviour of individual markets. Brussels is primarily a yield market with practically no real growth stocks."

Tim Dickson



Tankers? What tankers?

Resources

THE BOYS who trade oil shares on the stock market and the boys who trade cargos of crude oil seem not to have been talking to each other recently.

The spot oil market started the month rising sharply, almost touching $21 a barrel on Monday, only to vacillate and tumble for the rest of the week. Meanwhile oil shares have spent the month heading confidently downwards, consistently underperforming a weak market.

Such a lack of accord is not as nonsensical as it might appear. Indeed, for once the oil sector seems to be taking a longer term view—deliberately ignoring the oil market's recent fixation with thepassage of the reflagged Kuwaiti tankers as they progress through the Gulf.

Since the beginning of July the spot oil market has been more nervy than at any time since Opec resumed control at the end of last year. Prices, which had been sitting at levels roughly compatible with Opec's official benchmark of $18 a barrel, suddenly jumped by $2 at traders contemplated a direct confrontation in the Gulf between the US and Iran.

Both countries fanned the market's unease in a series of mutual threats which were splashed over newspapers all over the world. Understandably, oil traders felt uncomfortable, since one third of Opec crude passes through the Gulf.

Later in the week it seemed that anticipation was more formidable than the event itself—and as the Kuwaiti tankers decked out with the US flag started their slow progress through the Gulf prices started to fall, ending about $1 above the starting point. Just as traders had reacted strongly to earlier sabre-rattling, they were equally willing to be soothed by the more conciliatory noises being made on Thursday by both the US and Iran.

Nevertheless the market remains in a frail and jumpy condition. This was highlighted yesterday morning when news came through that the reflagged Kuwaiti tanker Bridgetown had hit a mine. Within minutes oil sellers pushed up their prices by a full dollar, although they retreated quickly on the reflection that the mine was probably an old one, and that little damage had been done to the tanker.

While oil traders are sure to continue to scour their news screens for further events, the stock market can afford to sit back. Even if the worst came to the worst and the US and Iran put their hostile threats into action, no more than a temporary leap in oil prices is expected.

Oil analysts argue that it would not be in either side's interest to close the Gulf, and even if supplies were interrupted, the sheer size of the spot oil market and the mighty strategic reserves built up by the consuming countries would presumably rule out of repeat of the oil shocks in the 1970s.

"Even if oil prices do jump to $25 a barrel, it is not going to last for ever, and will not make much difference either to the asset values of exploration and production companies or the ability of the bigger companies to pay higher dividends," says Jim Joseph of James Capel.

However, the obsession of the oil market with the Gulf has not been completely ignored by the stock market. It seems to have reminded investors that oil prices—which have barely moved over the past six months—can be volatile, making life difficult once again for oil companies.

The possibility of a Gulf conflict may also have weakened the underlying oil supply and demand balance, by encouraging Opec countries to ship as much as possible out of the Gulf taking advantage of the higher prices.

There have been other reasons for the weakening of the oil sector over the past two weeks. It had steadily outperformed the market this year, and the City had started to wonder whether oil shares — especially those of the independent companies — had gone up much too far.

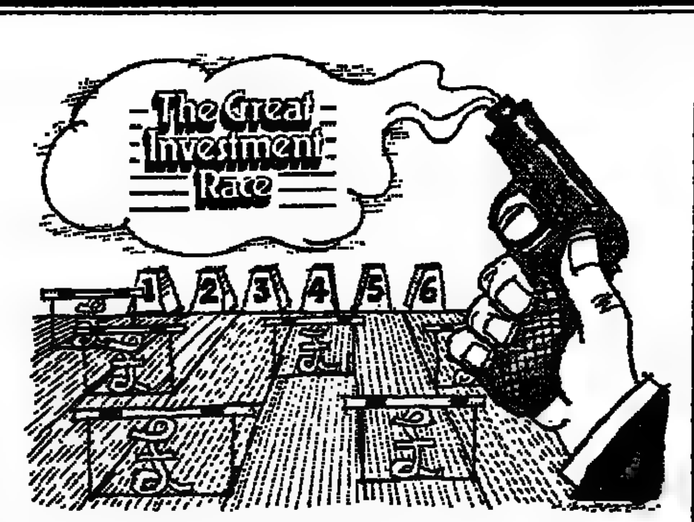
Furthermore the news that the BP share issue this autumn is going to be bigger than initially conceived, with the Government's sale coupled with a £1.5bn rights issue, gave fund managers something new to think about.

But to judge from their conclusion—a relative fall in the BP share price of about 2 per cent—they do not seem unduly worried. Even though the Government will have more difficulty than previously in creating an allusion of a stock shortage, the sale is not expected to present any major market problems.

Lucy Kellaway

Alice Rawsthorn on the Great Investment Race

Clouds gather as post nears



"THE STOCK market is full of people who are either very greedy or very scared," said Peter Clark. "When they are too greedy, the market rises. When they are too scared, it falls. At the moment, there are a lot of very scared people about."

For Peter Clark, of Hoare Govett, last week's fall in the stock market represents little more than a short-term correction before the indices resume their route onwards and upwards. But other teams in the Great Investment Race are far less optimistic. "Everything, but everything, points to a fall over the next few months," said David Hunter, of Messel.

Whatever the outcome, the closing months of the race will run through volatile conditions. Yet, some of the teams have chalked up healthy gains in the past three weeks.

Prudential Portfolio Managers has lengthened its lead, boosting its portfolio by 9 per cent to £268,193. However, the most dramatic gains were by Hoare Govett, which has used its speculative investments to great effect. Its portfolio has increased by 28 per cent to nearly £170,000, taking it within a whisker of Fidelity in second place.

In the race, which began last September, six teams of fund managers are competing to see which can make the most money for charity by investing a £35,000 portfolio for a year.

The portfolios were provided by Prudential Unit Trust Managers and the race is organised by Charity Projects.

Bell Lawrie has trailed the field for much of the race but plans to stick to its cautious policy. It has assembled a balanced portfolio, now worth £52,873, of UK equities and will cling onto it until the end.

"If anything, we have become even more cautious about the UK market," said Bryan Johnston. "No doubt the gloom will be exaggerated, just as the enthusiasm was, but we have no intention of taking risks in such unstable conditions."

Similarly, Nomura, the Japanese securities house, has adopted a low profile until its domestic territory, the Tokyo stock market, revives. The prospects for Tokyo are still cloudy and Nomura's portfolio is static at £58,033.

Messel, which planned from the start to adopt an opportunistic approach, has been much more active. After a series of deals in the currency and futures markets, the value of its portfolio has increased to £70,369.

Given that Messel is so gloomy about the immediate prospects for the London stock market, the team is torn between sticking to currency and futures or ending the race with a flourish by "blowing it all."

"This is not the end of the world," said Hunter. "But I would lay evens that the stock market index will go down between now and the end of September."

Hoare Govett is much more bullish and intends to continue to duck and dive in and out of equities. In the past three weeks it has watched two recent issues, Neotronics and Pickwick, "move up relentlessly"; and has seen Valor perform "exceptionally well." As a result, it is now hard on the heels of Fidelity with a portfolio worth £169,083.

Fidelity, which began the race so aggressively, has watched the value of its investments fall to £170,347—rather too close for comfort to Hoare Govett.

The Prudential is still ploughing ahead, although its team has become rather cautious in recent weeks and the gains have come from portfolio growth rather than trading. Some of the stocks bought at the start of the Race—Walter Runciman, Beazer and Attwoods, for example—are now faring well.

But the Pru is cautious about the coming months. "On fundamentals, London is still one of the most attractive markets in the world," said Trevor Pullen. "The market has simply lost its nerve in the past few days. But it is doubtful whether it will recover by the end of the race.

"From now onwards, we will take things more steadily and seek out the best opportunities to liquidate our investments."

WHERE THE TEAMS STAND

			Value	% change in 3 weeks
1	(1)	Prudential	£268,193	+ 9
2	(2)	Fidelity	£170,347	−13
3	(3)	Hoare Govett	£169,083	+28
4	(4)	Messel	£70,369	+12
5	(5)	Nomura	£58,033	+ 1
6	(6)	Bell Lawrie	£52,873	+12

Source: The WM Company.

A SHAPE TO REMEMBER

"I KNOW how much it means for people with disabilities to be able to express themselves creatively," said Chris Davies. "And I know how much it means for them to have the chance to develop their potential."

Davies is the new director of Shape, a charity which takes the arts into the lives of people with disabilities, and his job has a special significance. He has cerebral palsy, yet has pursued his interest in the arts throughout his career.

Shape was formed 10 years ago by dancer Gina Levete as a charity to "build bridges" between the disabled and the arts. It began by organising workshops and performances at centres for the elderly and the disabled, prisons and hospitals.

Shape continues to run workshops and performances but has broadened the base of its activities. It is now involved with longer-term projects, such as liaising with London boroughs to devise programmes so that people with special needs can take in the arts.

Similarly, it works with arts centres in improving their facilities for the disabled and it also offers subsidised schemes providing cut-price tickets for the disabled and the elderly to visit theatres, galleries and concerts.

Shape, which is based in London, has spawned 16 regional organisations all working within the same field but with different approaches. These organisations—the Shape Network— will receive 20 per cent of the money raised by the Great Investment Race.

Each group within the network has been asked to put forward a proposal on how it could benefit from the race.

Shape in London intends to apply for a grant to train someone with a disability in marketing skills. He or she would then work at Shape for a year raising the public profile of the charity and publicising its events.

The other groups are now formulating their proposals. The final arbiter will be the grants committee of Charity Projects, the race organiser, which will decide how to allocate the money between the various projects.

A. R.

There are rules for storing valuables: **Ralph Atkins explains**

The price of feeling secure

THE PROBLEM of safely storing priceless jewellery, paintings and other valuables has been highlighted by the raid on the Knightsbridge Safe Deposit Centre in London.

The ransacking of 124 safe boxes with contents worth at least £11m has raised questions about how secure these centres may be. It has also left owners unsure of the best place to store their valuables when there is a wide range of options but little independent advice available.

With crime becoming increasingly sophisticated and violent, it is becoming difficult to achieve peace of mind while still being able to enjoy your valuables. At the same time treasures should be stored in conditions that will allow them to give satisfaction to future generations as well.

Owners are faced with a choice between storing items at home or using the service offered by major banks, private safe deposit centres or companies specialising in storage.

There are a few rules that apply whenever valuables are stored: items should be photographed in detail, insured for their full value and properly marked.

Insurance companies usually require a written valuation. These can be obtained from high street jewellers or from auction houses.

Christie's in London charges for written valuations according to the amount of specialist time involved. There is a minimum charge of £25. A valuation taking a full day can cost £500.

Sotheby's offers a similar flexible service for written valuations of paintings, jewellery, antiques and other valuables but with a minimum charge of £50.

For stamp collections, Stanley Gibbons charges 5 per cent of a collection's value up to £1,000 and 1 per cent thereafter.

As the raid on the Knightsbridge centre showed, insurance based on full replacement cost—including a retailer's margin of 300 to 500 per cent above auction price—is often forgotten by owners.

"I should think that in excess of 90 per cent of people are under-insured, and probably a sizeable proportion are unaware of the extent," warns John Stancliffe, director of the valuation and probate department at Sotheby's.

Where paintings and other items are stored at home, crime prevention officers from local police stations or in London from New Scotland Yard will advise on security systems. A similar service is offered by specialists from many insurance companies—and may lead to a reduction in premiums.

Companies offering private safe deposit facilities, like the Knightsbridge centre, have grown rapidly in the past five years. London now has about 12 and there are plans to build others in towns around England and the Channel Islands.

Unlike the traditional safe custody service offered by the clearing banks, these centres are often open until late in the evening and frequently at weekends, and do not charge for each visit.

Safe boxes are hired at rates from £25 to more than £1,000 per year, according to size. This usually includes insurance up to £25,000.

Paul Yates, managing director of Security Construction Services, the Epsom-based company which built the majority of safe deposit centres in London, says there is little difference in the quality of systems used by various companies.

The centres can incorporate technology costing £1m, but Yates recommends a personal visit to assess the quality of management — probably the weakest link in any security system.

Christie's Fine Art Security Services, based in Nine Elms, London, offers secure storage for such items as paintings and antique furniture which are too large for safe boxes or need to be stored in controlled atmospheric conditions.

It charges £6,000 a year for a unit 20 ft by 10 ft and 10 ft high—big enough for a four poster bed—but there are various sizes available. There is no charge for each access visit.

Of the clearing banks, Barclays, Midland and the National Westminster still have safe deposit centres around the country. Prices are generally competitive but opening hours may not be as long as at private centres.

All bank branches should offer safe custody for sealed envelopes and deed boxes and sometimes larger items. Like safe deposit centres there is no need to declare what is kept in them.

However, access is limited to bank opening hours and there is a charge every time an item is removed from the vaults.

Charges are as follows:

- **Lloyds.** Envelopes £3 a year. Small parcels and deed boxes £10 to £15. Large boxes £20 to £30. Plus £3 per inspection visit.
- **Midland.** £5 plus VAT for up to three items in envelopes. £2.50 for each additional item. Deed-boxes vary between £10 and £30 plus VAT according to size. Plus £4 plus VAT per visit.
- **Barclays.** Envelopes £1.25 plus VAT per quarter. Deed boxes vary between £3 and £8 per quarter. Charges waived if you have an average credit balance of £500 in current account during charging period or hold a Premier Card. Plus £5 plus VAT per visit.
- **National Westminster.** Envelopes £4 plus VAT per year. Boxes between £12 and £20 plus VAT. Visits cost £3 plus VAT.

The Knightsbridge centre after the robbery

BAA proves a yawn

THE START of dealings in the shares of BAA, formerly the British Airports Authority, is unlikely to have small investors sitting on the edges of their seats on Tuesday morning.

Although more than 2m people have become shareholders in BAA as a result of the £1.2bn privatisation, practically none has picked up more than 100 shares, so the price performance of the stock will be largely academic.

The Government finally managed to avoid a ballot in the fixed price offer for sale, but only through the outright rejection of every application for more than 1,000 shares and the allocation of just 100 shares each to the rest. In all, about 13 per cent of the applicants, or well over 300,000 people, were sent away empty-handed.

If that seemed unfair, the Government could argue that anyone able to afford 1,000 shares or more would have qualified to take part in the tender offer, thereby guaranteeing themselves an allocation provided they were prepared to bid high enough.

The trouble is that the only people who knew just how high the big institutional investors were prepared to bid in the tender were the institutions themselves, and the figure turned out to be somewhat above the level that stockbrokers' analysts had foreseen.

When the results were announced on Tuesday, the cut-off price emerged at a heady 282p—much higher than most small investors would have been emboldened to bid. Consequently, some 90 per cent of the 88,800 tender applications were rejected, and probably the vast majority of the successful bids were from the institutions.

So has the issue been a debacle? That would be putting it too harshly. The Government and its advisers have gone a long way towards reconciling the apparently irreconcilable objectives of widening share ownership and maximising proceeds from the sale.

The fixed price offer has put shares into 2m pairs of hands, some of them for the first time, and the tender part of the offer has brought in a hefty £56m of extra proceeds for the British taxpayer.

The only people who have actually lost anything are medium-sized investors who drew cheques on building society accounts and failed to win an allocation.

Many of those who did receive 100 shares will understandably regard the stake as not worth the holding. But in spite of this week's fall in the market, they can still look forward to covering their costs: the grey market buying price was holding up at 140p for the 100p partly-paid shares.

If that price were reflected on Tuesday morning, it would mean a £40 gross profit for those wanting to dispose of their shares. Probably the easiest way to sell will be through the 245 biggest branches of the National Westminster Bank, which will once again be offering an instant touch-screen dealing service at £15.

That will leave a profit of £25—just enough to buy a celebration round of drinks at The Goose and Ferret.

Richard Tomkins

School scheme

LLOYDS BANK has joined the growing number of firms offering loan schemes to help parents meet the high costs of private education for their children.

Its Educational Loan Scheme follows the usual format of providing a facility from which parents can draw funds as and when required with a minimum of formality.

The difference is that unlike almost all other loan schemes — where some form of asset, such as the borrower's house, must be offered as security — the Lloyds' scheme might not require this. The bank says it will depend on the size of loan required.

The scheme operates on an interest-only basis at the present rate of 1 per cent a month (APR 12.6 per cent). Repayment is by means of an endowment or pension contract maturing many years after the children's education is finished.

This way, the cost of the loan is spread over a long period, so reducing the immediate financial burden. For example, a loan of £10,000 repayable over 30 years to a man aged 35 would cost £100 a month in interest charges plus £10.30 for the endowment premium.

In addition, there is an arrangement fee of 1 per cent of the amount.

Lloyds is using a subsidiary, Lloyds Bank Insurance Services, to provide independent insurance advice and arrange the issue of suitable policies. Alternatively, the scheme will accept existing policies or allow the customer to make his own arrangements.

More and more parents are turning to "educate now, pay later" schemes, attracted by the fact that bills can be met without making too big a hole in the family's present income. However, this is achieved at the cost of a financial burden that persists for many years.

Thus, loan schemes should be considered as a last resort in meeting bills, not as the main method of financing.

Eric Short

FINANCE & THE FAMILY

Teresa Hunter on the need for extra details on travel policies

Much more small print required

COUNTRIES WITH RECIPROCAL MEDICAL ARRANGEMENTS

Country	What you get
Austria	hospital free, ambulance, medicines charged
Belgium	75% hospital, medicine, other medical and dental fees
Bulgaria	hospital, medical, dental free, medicines charged
Czechoslovakia	hospital medical free, medicines charged
Denmark	free emergency hospital or other medical treatment
Finland	charges for hospital, medical, ambulance, dental
France	70-80% hospital, dental, medical, medicine charges
Germany	free doctor, dentist treatment, charges for hospital
Greece	nothing free—insurance strongly recommended
Guernsey	treatment free but pay for medicines
Ireland	hospital, medical, dental free
Italy	emergency hospital, medical free, charges for medicine
Jersey	hospital, ambulance free, charges doctor, medicines
Luxembourg	hospital free, charges for other medical treatment
Netherlands	hospital, medical free, charges for dental, medicines
Norway	hospital, ambulance free, other treatment free
Portugal	hospital free, charges all other treatments
Spain	hospital, medical, charges for dental and medicines
Sweden	hospital free, other treatment charges
USSR	hospital, medical, dental free, medicines charged
Yugoslavia	hospital, medical, dental free, medicines charged

IT TAKES less than half a second to tick a box and insure yourself and your family against every calamity which could possibly take place while on holiday—or so one would like to think.

Only when you lose your luggage, drop a video camera in the sea or break a leg falling off a motorcycle do you discover what you are really covered for.

Holiday insurance is largely bought through tour operators and travel agents. Most policies are sold through tour operators who bulk buy cover and as a general rule offer a competitively priced service. For example a travel insurance policy for 14 days in Europe bought directly from Norwich Union would cost £21, while similar Norwich Union cover, bought through Thomson Holidays, will cost £14.40 for up to 17 nights.

In recent years, however, the competitive edge enjoyed by the tour operators has been squeezed because of high losses by some underwriters. Some leading insurers, like the Prudential and the Guardian Royal Exchange, have withdrawn from operators' schemes altogether.

Tour operators are presently coming under fire from the Consumers' Association because of the way they market their insurance policies.

The CA is pressing the Office of Fair Trading to investigate. It is concerned that some companies force holidaymakers to buy their insurance as a condition of booking.

This poses a number of problems for the consumer. First, the insurance may not be competitively priced; second, the holidaymaker may not require it; third, it is difficult to assess what cover is provided from the brief descriptions; and fourth, the cover may not be suitable.

Tour operators buy cover wholesale from the underwriters, and then set whatever charges they choose for the customer. Some companies consider they are providing a service and do not expect a profit from the business, but others seek a high profit margin.

It is difficult to find out what standard of cover is provided because some of the summaries, which appear at the back of travel brochures, are too brief.

British Insurance Brokers' Association director Ron Peters says: "You should never buy an insurance policy unless you know exactly what cover you will get. The details on the brochures are so scanty that in many cases you have little idea. Although a number of brochures have a footnote saying they will provide full details, many people simply tick the box, buying cover which is quite unsuitable."

It is essential to know, for example, what the health requirements, exclusions and excesses of a policy are before signing. Some will reject claims from holidaymakers travelling against their doctor's advice, while others simply ask if there is anything "material to your health" which could affect the policy.

Policies may exclude people over a certain age, pregnant women, anyone taking part in a hazardous sport, anyone motorcycling, and cover for valuables. Many policies have limits such as £100 on jewellery or £150 on photographic equipment.

While many tour operators' policies offer reasonable value, beware of contracts offered by travel agents. Large chains such as Hogg Robinson and Pickford's negotiate wholesale deals and high quality policies like the leading tour operators. However some smaller travel agents are charging high prices on inferior products and taking up to a 45 per cent commission. Consumers should be yet more cautious when the insurance is offered free.

Hogg Robinson leisure marketing manager David Radcliffe comments: "I have known many instances where the travel agent is giving away the insurance free and it is a very inferior policy."

Norwich Union spokesman John Garner adds: "Customers asked if they want insurance say yes, and they do not know whether it is a tour operator's policy or one from the travel agent."

If you pay for your holiday using a credit card such as Visa, Access or American Express you will receive free life and disability insurance while in transit. Access and Visa will pay £50,000 for death or serious injury during your journey.

PPP, Britain's second largest medical insurer, is currently offering subscribers free medical expenses cover while abroad and up to £35,000 towards the cost of flying you home in an emergency. Many countries offer reciprocal medical services—see accompanying table. But cover is normally restricted and may not include medicines, ambulance services or treatment by a doctor outside hospital.

NatWest's rate cut

● NATIONAL WESTMINSTER is reducing its mortgage rate for existing borrowers by 0.75 to 10.5 per cent from August 1. The bank had already announced a similar cut for new borrowers in June.

The downward trend in interest rates has now reversed, and only a few lenders have cut their home loans to below 11 per cent. But Lloyds Bank has confirmed that it is also passing on its reduced rate of 10.8 per cent to existing borrowers on August 1. So far the reductions by Abbey National (10.5) and Halifax (10.8) apply to new borrowers only. Halifax, which led the decline in June, said the new rate looked about right, but it was not likely to pass it on to existing borrowers until September 1.

Meanwhile CIBC, the Canadian banking group, announced that it was cutting its home loan rate for both new and existing borrowers from 11.1 to 10.25 per cent from August 4.

John Edwards

Travels with a flexible friend

SOME 50,000 unfortunate British holidaymakers abroad this year are likely to lose a total of about £15m in cash and cheques.

Peace of mind against this possibility is clearly a priority for many people; sales of travellers cheques, a popular way of insuring against the nightmare of having money stolen, are expected to top £3.5bn.

There is, however, a range of alternative payment methods which may not be quite as safe but may be cheaper and more convenient. These include Eurocheques, credit cards, travel and entertainment cards, and, of course, cash.

An increasing number of travellers are experimenting with Eurocheques. These function like ordinary cheques and mean that you are not tied down to the amount you have already paid for your travellers cheques, or to the currency you can pay in.

One of its main advantages is its Europe-wide acceptance, especially in the so-called "Eurocheque countries"—West Germany, Switzerland, the Netherlands, Austria and Luxembourg. You can use your cheque book and guarantee card at over 5m retailers, restaurants and hotels which display the red and blue symbol.

You can also use the guarantee card to draw cash from an expanding number of cash dispenser machines in a network which includes banks in Denmark, Germany, Portugal, and Spain.

The Eurocheque, however, is fairly expensive. The supporting guarantee card costs between £3.50 and £4, and each cheque used abroad will attract a commission charge of 1.6 per cent and a handling charge of 30p. Perhaps because of this cost, the Eurocheque, which has been issued in the UK for many years, is not actively promoted by the High Street banks.

Increasingly, travel service companies such as American Express and Thomas Cook are suggesting that visitors to the US and Europe should take their cards with them.

Visa is accepted widely in western Europe, and along with Access/Mastercard, almost everywhere in North America. In the "Eurocheque countries" Visa, for historical reasons, is not so popular, but Access, in conjunction with Eurocard, fills the gap.

If you see a perfect, but expensive, present for a loved one back home, your "plastic money" will take care of a lot of problems if your credit is reasonably good. You will, however, still have to take your chance on the exchange rate; the sterling bill may differ according to which card system you use.

It is also worth looking at the opportunities offered by the link-up of cashpoints in Europe and the US. Barclays Connect card can now be used, as in the UK, in 18,229 ATMS (automatic teller machines) throughout the world. From this autumn LINK card users will be able to withdraw cash from the 8,600-machine PLUS network in North America.

Travel agents nearly always suggest taking some cash. There are no hard and fast rules about which overseas banks charge the lowest commission rates, and some places like hotels charge ruinous rates. Unless you enjoy shopping around, it seems preferable to buy the currency of the country you are visiting before you go.

As the travellers cheque suppliers will constantly remind you, if you lose your Eurocheques, credit cards, or cash you can only fall back on the vagaries of claiming travel insurance.

Amex, Thomas Cook and Barclays—the leaders in the market—emphasise the security offered by travellers cheques. But this may be because they are extremely profitable to supply. You pay 1 per cent commission on purchase; effectively you are paying the issuer to borrow your own money. Furthermore there is at least 1 per cent commission for cashing them abroad (unless you have Amex cheques and cash them at an Amex travel office). In other words, you pay heavily for your sense of well-being.

Travellers cheques may still seem a good bet if you know how long you will be abroad, and how much you're likely to spend, but for the more adventurous traveller, in Europe at least, the development of Eurocheques and credit cards provides you a flexibility you wouldn't find with travellers cheques alone.

David Shriver

Donald Elkin highlights the value of maintaining NI contributions

Keep paying the stamps

ONE OF THE major advantages of being a UK non-resident is avoidance of British tax. But there is one impost which it might be in your interest to pay voluntarily—National Insurance Contributions (NIC). By doing so, you will maintain a number of valuable benefits, chiefly the state pension (current annual rate, £3,289 for a married couple and £2,054 for a single person) and for only a fraction of the amount which British resident employees have to pay.

If your work overseas is for a period of three years or less and is with an employer who has a place of business in the UK, you must, for the first 52 weeks, pay the same (Class 1) contributions as apply to employees in Britain. This is the only circumstance in which a person working overseas is compelled to pay. However, such contributions not only qualify for pension purposes, they also maintain your right—after return to Britain—to unemployment benefit and sickness benefit.

Should you work within the EEC or in a country with which Britain has a reciprocal agreement (see panel), you must contribute to and draw benefits from the Social Security scheme of your host country. But if your work is located elsewhere, the only means of securing a Social Security pension is probably to pay NIC voluntarily.

If you are employed or self-employed overseas, these may be either Class 2 (£200 pa) or Class 3 (£195 pa). Only the latter are available to those not working. While both qualify for the state pension, Class 2 also gives the right to sickness benefit after you have returned to the UK. These flat rate payments contrast sharply with the earnings-related NIC of employees in Britain, the cost of which rises to a maximum of £1,380 pa for those earning £15,340 pa or more.

To qualify for a full state pension, you must pay NIC for 90 per cent of your working life, which is reckoned to be between the ages of 16 and 65 for men and 16 and 60 for women, ie for 44 years and 40 years respectively. Payments for shorter periods give rise to a proportionate pension—but only if they extend to 25 per cent of your "working life" at least. Below that, there is no pension entitlement at all.

Perhaps like many expatriates anxious to cast off UK taxation in all its forms, you stopped paying NIC immediately you left Britain. That might now be judged a mistake, particularly if you had previously contributed while working in Britain for periods which fall short of the "25 per cent of working life" criterion.

Happily, the rules allow you to begin payments once again and, indeed, to buy in some earlier years during which you did not contribute. Such back payments may extend to the six previous tax years. For the two most recent, the rate of contribution is that which applied in the years concerned, the rate current when you pay applying to the rest.

People will determine for themselves whether the paying of NIC is worthwhile. In the majority of cases it will be. But those who intend to retire abroad must bear in mind that unless they reside in a country with which Britain has reciprocal agreement making appropriate provision, they will not be entitled to any pension increases. If, for example, you retired in 1982, your pension without increases would now be less than 75 of the current rate.

But whether or not you choose to pay NIC, your right to benefits under the National Health Service is in no way affected. That is the subject of separate detailed rules. Thus, if you have had at least ten continuous years of residence in Britain and have been working abroad for not more than five, you will be fully covered. Even if you have worked overseas for longer, your right will be maintained simply by taking home leave in the UK every two years or merely by being entitled to do so under your contract.

If you want to resume NIC payments or ascertain what your position is, you should apply to: The Department of Health & Social Security, Overseas Group, Newcastle-upon-Tyne NE98 1YX. Quote your National Insurance number if possible.

Donald Elkin is a director of Wilfred T. Fry, taxation consultants.

COUNTRIES OUTSIDE EEC WITH A RECIPROCAL ARRANGEMENT WITH THE UK

Australia	Jersey &
Austria	Guernsey
Bermuda	Mauritius
Canada	New Zealand
Cyprus	Norway
Finland	Sweden
Iceland	Switzerland
Israel	Turkey
Jamaica	USA
Malta	Yugoslavia

Life cover means lifestyle grilling

Eric Short outlines the steps insurance companies are taking for protection from AIDS death claims

LIFE ASSURANCE companies frightened by the losses they might suffer from the spread of AIDS are asking much more searching questions on the lifestyles of those seeking cover — questions that would have been considered totally unacceptable in the past.

They are unhappy with the present standard questions used to try to identify potential AIDS victims, which have merely asked whether the life to be assured has received medical advice, treatment or a blood test in connection with AIDS or an AIDS-related condition, or any sexually transmitted disease.

Now some of them are proposing to ask much blunter questions concerning the lifestyle of the person seeking insurance to establish whether they are homosexual, bisexual, intravenous drug users or the sexual partners of people in any of these groups.

The move reflects growing concern that the present indirect questions are far too easy to circumvent. Companies are suspicious that many intermediaries are deliberately providing misleading answers.

It is becoming increasingly common, for example, for two single men buying a house jointly each to take out a single life low-cost endowment policy with different companies rather than submit a joint life proposal. Their intention might be to avoid unpleasant questions, but they have to bear considerable inconvenience — not to mention the cost of half the mortgage if the other one dies.

In addition life companies are worried by the fact that many doctors are reluctant to agree to provide information about their patients' lifestyles.

The British Medical Association's third statement on AIDS advises its members to complete the medical attendant's report submitted by life companies truthfully, but also that the patient should be told that information is being disclosed and what the possible implications might be. The patient would then decide whether the form should be sent or not.

The statement warns doctors not to answer any lifestyle questions unless being very certain of the facts.

At the recent BMA conference an even tougher line was agreed: a doctor should not now complete a medical report for a life company without separate written permission from the patient. And doctors should refuse to answer any questions on the lifestyle of their patients.

The Association of British Insurers is negotiating with the BMA on the subject. But negotiations on such a sensitive issue are invariably taking a long time, and the reassurers in particular, who carry the greatest risk, consider the present danger from AIDS too serious to wait for the two associations to reconcile their differences.

So instead of seeking information from doctors, they are asking people seeking assurance directly — a dangerous move that needs careful handling.

First the life companies will have to make it very clear that they are not discriminating against male homosexuals or bisexuals per se but are just following underwriting procedures similar to those used if someone reveals a risk of some other form of illness, like heart trouble.

Above all they have to emphasise that a homosexual or bisexual would not automatically be refused life cover.

There is little doubt that some life companies have been discouraging people from taking out contracts with them by automatically asking for blood tests.

Another problem, arising from the fact that most life assurance is sold through intermediaries, is how to ensure that this ultra sensitive information is not passed on to a third party.

One way that is being adopted is for a supplementary questionnaire to be sent direct to the proposer, who would then have the choice of involving or not involving the intermediary.

The intermediary bodies—the British Insurance Brokers' Association and the Life Insurance Association—agree this is a satisfactory answer, although many brokers are objecting to the underlying principle of asking questions about their client's life-style.

Life companies themselves are split on the need to ask questions of this sort. Many feel they can underwrite successfully and safely using existing procedures.

A representative of the Campaign for Homosexual Equality said that provided the life company made it plain to people why they were being asked such questions, and that there was no moral judgment involved, then there was no basic objection.

However, the Campaign considered that since the life companies were trying to assess the AIDS risk, then all proposers — male and female, married and single — should answer a supplementary questionnaire.

Trusts/Christine Stopp

Capital news for investors

Investment trusts: share price total return over periods to June 30 (Value of £100 invested at mid-market prices, with income reinvested)	1 yr	3 yrs	5 yrs	7 yrs	10 yrs
Sector average performance	145.4	246.1	441.3	575.7	937.4
Capital and Income growth:					
General	150.1	262.5	471.9	597.7	975.1
UK	166.0	302.6	523.8	668.6	1,145.5
Capital growth:					
International	139.1	243.5	428.2	567.4	859.0
North America	120.7	175.3	302.0	395.8	634.4
Japan	124.0	216.2	534.5	767.5	1,128.6
FTA All-Share	145.1	258.1	417.7	543.2	868.6

Source: Association of Investment Trusts

THE INVESTMENT trust industry has always shunned emphasis on short-term performance. Its 1987-88 Year Book*, published last week, shows performance over no fewer than 41 years, from December 1945 to December 1986. Over this period, according to figures from Barclays de Zoete Wedd, a £1,000 investment in investment trusts would have grown to £186,137, compared with £83,977 in equities generally and £7,210 in the building society.

For the investor who thinks in a slightly shorter term, the table shows the more recent performance history. Over various periods of up to 10 years the sector average has outperformed the FTA All Share index in all but one case. Capital and Income Growth trusts have been well above the average. Overseas growth categories by contrast have done less well.

Over five years to the end of 1986, the average investment trust would have turned your £100 into £325, compared with £271 from the average unit trust. With an undeniably attractive performance record like this, it is a pity the investment trust industry has had such difficulty attracting the private investor. Around 70 per cent or more of investment trust shares are in the hands of the institutions.

The industry is working hard nowadays to make itself accessible to smaller investors, for instance by setting up regular savings plans. There are now more than a dozen such plans, giving access to over 50 investment trusts.

Investment trust regular savings schemes offer exceptionally good value because of their cheapness, flexibility and convenience. With most schemes, a number of different operations are possible. The most basic is the ability to invest as little as £25 a month in the trust's shares.

You can also make occasional lump sum savings with a typical minimum of £250, or £25 if you are a regular saver already. These lump sums may be in the form of a gift to someone else. With this aspect of the plan, you can use it to make a simple one-off investment or gift without having to go through a stockbroker to buy shares. In some instances, plans also provide facilities for selling shares back. With others, you will have to go through a broker when you eventually sell the shares.

The third main feature of investment trust regular savings plans is dividend reinvestment. Investment trusts have traditionally had a strong bias towards providing income, and most investors in the past have been happy to take the money when it comes. Nowadays, and especially with the example of unit trust accumulation units and a new emphasis on growth investment, more people want to put their money back into the box.

This can be done automatically with many regular savings plans, and some will allow you to reinvest dividends from other shareholdings, which need not even be in investment trust companies.

There are no penalties for early cancellation with investment trust regular savings plans—and no capital gains tax within the trust as there is in an insurance company life fund.

The regular saver also benefits through "pound cost averaging." The average price paid for shares over a given period is less than the average market price over the same period because the regular contribution buys more shares when the price is down.

The main point on which the investment trust industry sells these plans is their low cost. They are "the cheapest known method of making a stock market investment," as Association of Investment Trusts chairman Tim Abell says in his introduction to the Year Book.

Compared with minimum commission charges which may be around £15 or more on small bargains through a stockbroker, the regular savers' contributions are lumped together and share purchases made once a month by the investment trust company of its own shares. Since most are large investment institutions in their own right, the commissions they command are minimal. At least one group makes no commission charge to regular savers at all.

As for the annual management charge, investment trusts typically levy 0.4 per cent or less, compared with 0.75 per cent or 1 per cent in a unit trust. For this reason, the industry argues, an investment trust regular savings plan is probably better value for the smaller saver than even a PEP, in spite of the PEP's tax advantages.

On a £1,000 investment in their regular savings plan, the managers of the Scottish American investment trust reckon that, given a 7 per cent annual growth rate and a 4 per cent yield over 10 years, the plan would be worth £6,232, compared with £5,965 in a typical PEP, £4,390 in a life assurance maximum investment plan, or £5,225 in a unit trust.

* *The Investment Trust Year Book 1987-88 costs £67 including p & p, and is available on 30 days' free approval from Robert Flanagan, The Macmillan Press Ltd, FREEPOST, Brunel Road, Houndmills, Basingstoke, Hants RG21 2XS. The Association of Investment Trust Companies, Park House (6th floor), 11 Finsbury Circus, London EC2M 7JJ, publishes a free list of investment trust regular savings schemes.*

Kevin Goldstein-Jackson reports on a form of summer madness

Small could be profitable

INSURANCE companies, pension funds and unit trust groups seem to be falling over themselves to invest in small companies at present. You have only to look at the list of trusts in the FT to see that most groups now have a fund specialising in small company investments.

Has this new interest ruined the investment potential of small companies for the individual private investor? With the millions of pounds pouring into these funds, are there enough small quoted companies to absorb all this investment without driving their share prices to absurd heights?

Over the years, I have compiled a cuttings file mainly from interesting items in the FT and Investor's Chronicle: usually items relating to small companies.

With the present state of the stock market, I decided recently to spread my investments still further. So I looked through my cuttings file, skimmed quickly through the Hambro Company Guide, and made a list of 23 companies I thought were worth further investigation.

I then looked at their p/e ratios, 1987 high/low share prices and present share prices in the FT. That eliminated 10 of them (all small) as their share prices were not only at an all-time high—due perhaps to institutional buying—but were far too high to tempt me to invest, especially as they also had high p/e ratios.

For the 13 remaining, I either already had copies of their Extel cards or I sent off to Extel (at 37-45 Paul Street, London, EC2) for these.

After looking at them, two of the companies were dropped because their profit records had not impressed. Of the remaining 11, only one (Bentalls) had a capitalisation of over £10m and two (Towles and Stavert Zigomala) were not featured in the FT's dealing pages.

By June 30, though, I had a short list of Bentalls, J. Billam, Bullers, Elbief, Gaskell Broadloom, Thomas Marshall (Loxley), Molynx, Stavert Zigomala, R. W. Toothill, Towles and Toye & Co.

I discovered from my broker that shares in Stavert Zigomala were not available: no one was selling. That left 10; and because I could not afford to buy a reasonable size shareholding in all of them, I invested only in Billam (178p), Bentalls (160p) and (on July 2) Toye & Co (213p).

I still felt attracted to the other shares, so on July 3 I decided to raise some investment money by selling my shares in Platignum for 24½p (some of which I had bought in August 1986 for 8p each and the rest at 5p each in the rights issue in October that year).

I also sold my Tranwood

DIARY OF A PRIVATE INVESTOR

Group shares for 53p each (which I had bought for 29½p in December 1986) and disposed of my Rolls-Royce shares and rights entitlement in Dares Estates.

This raised enough money to buy shares in Bullers (at 67p) and Towles (at 147p and 150p). When Bullers shares went down, I bought some more on July 14 for 63p.

Meanwhile, of the shares I could *not* afford to buy, Thomas Marshall (154p on June 30) zoomed to over 230p when Hepworth Ceramic made a take-over bid announcement on July 10; Molynx, which had been 142p, went to over 170p; and Elbief shot from 45½p to over 100p before falling back to 88p. Oh that I had invested in them as well! Their present high prices have now turned me off them.

What made me choose Bentalls, Billam, Bullers, Towles and Toye (apart from their combined names sounding like a firm of solicitors or advertising agents)?

Briefly, Bentalls appealed because of the future profits to come from the redevelopment of its department store at Kingston, south-west London, into a centre with 100 shops. Billam is capitalised only at about £3m and so might have "shell" takeover potential.

Bullers, I feel, is depressed because M & G Investment Management sold its 10.45 per cent shareholding earlier this year; yet Bullers has recently sold a subsidiary which, it reports, will produce "an extraordinary profit of approximately £1m in the first half-year."

Toye and Co has a low capitalisation, a large shareholding by its directors, and has produced reasonable profits.

Towles has a low capitalisation and reported in 1986 that the directors believed the market value of the company's land and buildings exceeded their book value "by approximately £848,000"; so, hopefully, it might have some take-over appeal.

I could well prove totally wrong in choosing these investments — but with so much institutional money now looking for investment in small companies, just their presence in the market could well make the share prices rise. Plus the fact that the market is showing some signs of summer madness.

In July 1986, I bought shares at 23½p each in Neil & Spencer Holdings on take-over hopes. These *did not* materialise and the shares drifted down to 11½p. They then drifted slowly upwards until earlier this month the company announced 1986 losses of over £4m. Soon after, the shares rose to 29p!

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Auto suggestion

I was particularly interested in the recent question (27/6) regarding a garage continually blocked by parked cars as I think the subject is one close to the hearts of many people. The course of action advocated (breaking a window) was drastic and the response—to block in the offending car—would not always result in a satisfying conclusion. Retaliation in my experience can lead to domestic disturbance or worse—to violence. Would it be possible to give some categoric guidance on the following legal aspects:

a) In the circumstances described does one have a right to engage a tow-truck to remove the offending vehicle—thus causing no criminal damage? If so, who will undertake this?

b) What duty do the police have in such circumstances? Can one demand (politely, of course) that they take action and contract a tow truck to remove the vehicle. What rights does one have to make this demand?

c) Would the answers to any of the above change if, instead of a garage, there was hardstanding in front of the property with the appropriately lowered kerb?

(a)—If you can tow away the offending car without causing any damage to it, that would be permissible. It would be up to you to find someone who can and will undertake the task.

(b)—The police have no duty of the kind which you envisage, and will normally refuse to become involved.

(c)—The answers would be the same save that where it is physically possible for the blocked car to find a way round the obstacle the excuse for interfering with the offending car may disappear.

No point in covenant

I wish to covenant the maximum allowable subject to the single person's taxation allowance and the basic rate of income tax.
Could you give me an appropriate wording which would cover future Budget changes in allowance and/or basic tax rate, and which would avoid having to re-write the covenant or provide additional covenants?
If I give away an asset of value, £3,000 or less, but which has appreciated in value significantly, say from £1,000 to £3,000, can the recipient subsequently sell the asset without being subject to capital gains tax, provided that she is already within the £6,600 limit? (ie, does the recipient receive the asset at its current value?)

1—We do not recommend that you try to save time by such a covenant. Your solicitor will be able to explain the problems, if you nevertheless wish to pursue the idea. (Our Briefcase advisory service does not extend to the drafting of documents under seal).

2—In the absence of a joint claim to the contrary, a gift is treated (for CGT purposes) as though it were a sale at current market value:

(Capital Gains Tax Act 1979 29A Disposals and acquisitions treated as made at market value.)
1. Subject to the provisions of this Act a person's acquisition or disposal of an asset shall for the purposes of this Act be deemed to be for a consideration equal to the market value of the asset—
(a) where he acquires or, as the case may be, disposes of the asset otherwise than by way of a bargain made at arm's length, and in particular where he acquires or disposes of it by way of gift. . . .

Insurance liability

I am self employed for my main business and a director jointly with my wife in a small private limited company. National Insurance contributions are simple enough as far as my main business is concerned but I am not too certain about income from the company. When speaking to DHSS on the telephone they gave me the impression that income from the company was quite separate from my self employed income and should be treated as if it was my sole source of income for contributions. If this is correct then I am entitled to income free from contributions up to the exempt limit. My wife also has an income from the company up to the limit for NI contributions.
I also understand that any liability for NI contributions can be avoided by the company paying dividends. How is this arranged and is it necessary to have printed divident warrants?

Your local DHSS office can let you have an explanatory leaflet covering the position of people like you who are both employed and self employed, and who are consequently liable to contributions under classes 1, 2 and 4.

There is indeed no NI liability on dividends. The company's auditors will be able to guide the board upon the procedure for declaring and paying dividends. There is no need for printed dividend warrants: blank tax credit certificates are obtainable from the company's tax inspector.

Absconding tenant

I am one of five leaseholders who form a tenants' association, responsible for the upkeep of the building and each paying one-fifth, in a building of five flats.

Over the past two years repairs, costing over £7,000, have been carried out but one of the leaseholders has failed to pay anything towards his one-fifth share and has disappeared or absconded leaving his flat empty and leaving the other four to bear all the cost.

We have been advised that the tenants' association cannot sue the defaulting member because he was not an original signatory to the agreement setting up the association in 1978 but bought his flat subsequently although he did sign a "Deed of Covenant" undertaking to adhere to all the provisions of the agreement. The superior lessors (our leases are in fact, underleases) are a party to this agreement and it appears that they could sue the defaulting member or repossess the flat but they seem reluctant to take any atcion in the matter

What means might be open to the association to recover the money owed by the defaulting member?

The precise rights and liabilities between the association and its members depends on the form of the association's constitution. If the repair expenditure was made by the association itself it may be necessary to seek a judgment on a quasi-contractual basis against the absconder and then to obtain a charging order on the flat. Alternatively you would have to bring as much pressure as you can on the landlord to enforce the obligation, but that might lead to forfeiture of the lease, which is your only potential security. You should consult a solicitor.

Tenure on caravan

I am contemplating the purchase of a "mobile home" with garden and conservatory in Sussex for £16,000 plus £6 weekly rent/service charge, to be received in two years.
Fair enough.
But the conditions of tenure seem difficult to ascertain and could therefore be onerous.
What should I do?

If you cannot ascertain all the conditions under which the caravan or the site are held, you should not go through with the purchase. It is up to you to require the seller to provide or procure the information on the basis that if you do not get the information the sale must go off.

The Greek island of Paxos is a favourite haunt of the British, reports **Annalena McAfee**. Its wild flowers and birds lure those who take their rambles at a gentle pace.

A walk on the mild side

THE BRITISH have always had close ties with Paxos. The relationship with the tiny verdant island 10 miles south of Corfu survived the British Protectorate of 1814 to 1864 and continued unbroken despite a very public incident in which one of our elder statesmen butted one of their ecclesiastical leaders.

The blow inflicted on the *chin of the Archbishop of Paxos* by Gladstone in 1864 was, it should be said, purely accidental. But when the great politician, kneeling to receive a blessing from the churchman, rose too soon and inadvertently administered what is known in some circles as a Glasgow kiss, no international incident ensued. The crowd, it was said, had some difficulty suppressing its amusement.

The handsome British residency in which Gladstone spent a night recovering from the embarrassment of his gaffe still stands in the port of Gaios. Its pink stucco is peeling, its green shutters fading and its garden overgrown. But in the shade of the nearby square, the spirit of the Protectorate echoes in the voices of British tourists sipping stiff ouzos and watery beers.

Close your eyes, high-season in a Gaios taverna, and you could be in the snug bar of a London pub. By evening, however, the vermilion-limbed day-trippers have returned to Corfu. Paxos is returned to the Paxiots—and to those discerning Britons who have found themselves accommodation here.

Like Doctor Who's Tardis, the dimensions of Paxos—just five miles by two—belie the magical spaciousness within. The island, improbably, finds room for 90 churches (about one for every 200 Paxiots) and 300,000 olive trees, a legacy of agricultural subsidies under Venetian rule.

Olives are still big business in Paxos and the island's light and fragrant oil has won many prizes. Today it is produced mechanically but many of the old hand-presses, characterised by wooden screw-spindles, can still be found, along with the vast ribbed jars once used to collect the winter's rainwater. Several former olive mills have been enterprisingly converted into pleasing cool villas with stone-flagged floors and wooden rafters.

There are no great archaeological sites here, no museums of antiquity. The only mention of the island in classical literature is made by Plutarch, who wrote that the death of the god Pan was first announced here. Paxos is walking country. Here the ramblers are not the rugged, seriously shod, knapsack-burdened variety. Not exclusively, anyway. Plimsolls or even sandals would do to negotiate the island's gentle serpentine ways. Bottled water is an optional extra and bathing costumes are essential.

As on most of the Ionian islands, the beaches are generally shingle. But Paxos has its own mini-island of Caribbean-style talcum powder sand in neighbouring Antipaxos, about a 20-minute sea-crossing away. At Lakka, the second coastal village of Paxos, the shingle goes only as far as the water's edge. From then on, in the near-perfect circle of Lakka bay, all is soft white sand underfoot. Most of the island's footpaths seem to lead to a swim.

Some walkers come equipped with field glasses, the better to see the orioles, hoopoes, kingfishers and other brilliant birds which haunt the island in the spring and early summer. The islanders themselves are rather keen on birds: they like to shoot them. Doves and quail are the main quarry, and country paths are often littered with spent cartridges. Paxiots have even been known to fish in the air for birds, using bait on fishing lines to entrap swallows from the top of Erimitis cliffs.

Other walkers bring check lists and even sketch pads, their eyes following their feet rather than the horizon. These are the botanists, snuffling out wild flowers like truffle hunters. Even those who favour Mondrian over Monet and for whom *Gardeners' Question Time* spells instant catatonia — and there must be some — would find it difficult to resist the visual pleasures afforded by the flowers of Paxos.

Wild delphiniums as blue as the sea, amethyst trumpets of convolvulus, scarlet drifts of poppies and garlands of orchids and rock roses thrive in this terrain of shade, shrub and coastline.

In early summer, the whole island seems to be dusted with creamy stars—the tiny flowers of the ubiquitous olive. At night in the olive groves, entire constellations appear to fall from the skies as thousands of fireflies glimmer in the dark. A midnight ramble can be illumined completely by these incandescent insects. It is like walking, exhilarated and unscathed, through a shower of sparks. Here, in these rustling glades, it seems that Plutarch was misinformed. Pan, the god of pastures, woods and music, is alive and well and living in Paxos.

• Two British villa companies offer self-catering accommodation on the island and have also each published an excellent handbook on local walks. Greek Islands Club (0932-220477) has about 70 properties here. Among them, the Villa Areti, with a spectacular view of Lakka bay, sleeps four and costs from £382 to £500 per person for a fortnight depending on the season. Corfu Villas (01-581 0851) has 21 properties here. The Old Olive Press, a beautifully converted mill just outside Gaios, sleeps four and costs from £320 to £425 per person for a fortnight. Both packages include ferry crossings and return flights to Corfu with Air Europe. Other British tour companies operating on the island are SunMed (01-699 8833) and Falcon (01-221 6298).

Avoid the cross-Channel rush, says **Roger Beard**

Ferry over-subscribed

HAD YOU taken the Dover road this morning on the off-chance of a swift Channel crossing, you would have been out of luck. For with term ended and the children out of school, this is the peak weekend for outward-bound Continental ferry traffic. Only a mini would make a car deck, and that after a long wait.

The ferry companies won't turn you away, of course. But you would find yourself in the giant stand-by car park, along with other Volvos, Range Rovers, Cortinas and Escorts beloved by the British holidaymaker, hoping against hope that the queue will eventually move. A stressful way to start the summer break, and no way to prepare for the long miles of motoring ahead.

Not until the weekend of September 5, culminating in the traffic jams of Sunday September 6, will things be so bad. That is when the returning traffic peaks, just before the start of the autumn term. Between those dates, you will be able to travel, provided you pick the right day, right time, and are not too fussy about your continental landfall. You should however book up now, rather than take pot luck at the port.

And the best way to do so is through the central reservation numbers operated by all the major ferry companies, where you are sure of getting directly onto their computers.

Townsend Thoresen, which operates 92 ferry sailings from British ports, using a fleet of 22 ships, reports a 10 per cent increase in bookings on last year, and that despite the Zeebrugge tragedy. Its advice is always to book, even this late. If possible, travel midweek in both directions, and remember to book a cabin on the longer routes. If you must travel at the weekend, late Saturday on is better than either Fridays or Saturday mornings.

Coming home, their peak bookings are on Sundays, as travellers seek to squeeze the last hours from their holidays, culminating in the busiest day, September 6, where turning up on the other side of the Channel on spec will result in very long delays.

The picture is similar with Brittany Ferries. Since it serves the longer western Channel routes, the busiest time is Friday nights, a peak when cabin space is very, very short —a prime consideration when you are looking at a four and a half to five-hour crossing. On Brittany, go for the day-time sailings at weekends. Midweek sailings at all times should cause no problems. But again, book, and book now.

Sealink, with 16 sailings a day on the Dover-Calais run during the peak, confirms the picture that Friday night sailings are tight throughout the period to mid-September, as also are the Saturday mornings. Outward bound, though, things improve on the Saturday afternoon sailings. Longer routes have some capacity at all times, some with gratis cabin accommodation. But avoid Saturdays on the Weymouth-Cherbourg route.

Sally, with two ships making five crossings on the Ramsgate to Dunkirk route, says that travellers will get away on the day of their choice, but from now to the end of the month there are one or two sailings each day that are pretty busy.

In August and early September, there are some days when the return sailings from Dunkirk are busy, but, says Sally, there would be no problems in returning from France on the day required, and there is no period when it is no go; but with first sailings at 2.00 and 3.30, and last ones at 23.00 and close to midnight, a day can seem a very long time. So book, either through Sally or the travel agent.

You should also be careful about the other smaller routes, in particular Newhaven-Dieppe, where at the Dieppe end they close the gate even to booked customers dead on time—presumably to get their stand-bys away. This writer has struck up one long-term friendship in the ensuing lengthy wait.

Hoverspeed, that noisy but fast alternative to the ferry, is in a different position. Since its car capacity is that much the less, it advises booking two weeks in advance, with the possible exception of midweek. Avoid all Fridays and Saturdays on the way out, and the late Saturday and Sunday flights on the way back.

For those readers who have not got the message, and have some psychological block about booking, their best bet during the busy holiday season, must be to head for Dover—where there are far more ships and far more sailings out, and for similar reasons, probably for Calais on the way back.

Either that or travel as a foot passenger. They do not have these problems.

• Townsend Thoresen, 01-734 4431; Sally, 01-409 2240; Sealink, 01-834 8122; Hoverspeed, 01-554 7061; Brittany Ferries, 0705 827701.

Tudor time capsule

I AM NOT exactly—not precisely—what you'd call a cheese person. Like a Dalmatian I once owned, I tend to shuffle it aside at the end of an arduous meal. Yet at Thornbury Castle near Bristol the other evening, my head was duly turned by the largest selection of English cheeses I have seen in my life.

There was Caerphilly, from Wedmore's Walnut Tree Farm, said to be the only natural unpasteurised Caerphilly now available; tornegus, cured for two months in English wine and herbs; capricorn goat, from

TOUCH OF CLASS

This week: Thornbury Castle, near Bristol

Crewkerne, Somerset; yarg, from Fresian milk, coated and pressed in stinging nettles at Lynher Valley on the Duchy of Cornwall estates; Cheddar, from Keen's Farm, Somerst, said to be one of only three small farms still producing natural unpasteurised Cheddar. And on, and on, and on.

It was an excellent meal. But then Thornbury Castle is a special spot — a marvellously quiet hotel set in a still-pristine Tudor castle that had a long-established reputation for its food when Maurice Taylor, an Englishman who made his money in Canadian film production and property, bought it last July.

The castle was started by the third Duke of Buckingham in 1511, though 10 years later he was executed on Tower Hill for "certain words spoken." His lands were confiscated, and Thornbury passed to Henry VIII, who stayed there with Ann Boleyn in 1535.

It is in surprisingly fine condition. "I see Thornbury Castle as a time capsule," says its owner. "It typifies a way of life and standard of elegance belonging to the past. There will be no swimming pools here, no gyms, no bars."

What he does plan to add are several more bedrooms (there are 12 at present), an executive boardroom in the north wing, and many more paintings.

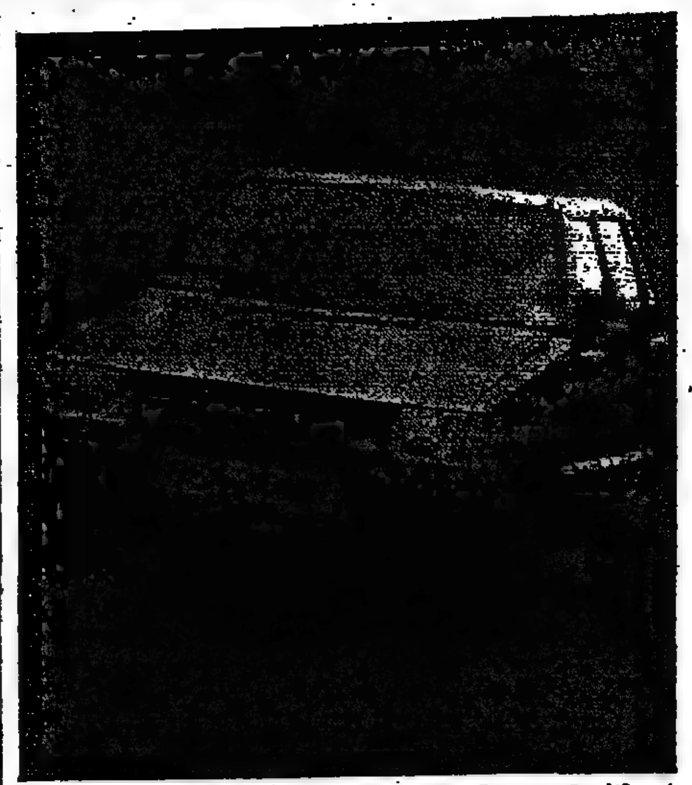
Maurice Taylor says he couldn't resist Thornbury when he knew that he could buy it. "Tudor castles don't turn up very often. If I'd bought a country house, I would have done it up quickly and had nothing left to do. I'm vain enough to want it to be successful — even better than before."

The castle's main apartments were converted into bedrooms in 1962. Each has a private bathroom, central heating, and all mod cons, but the chambers retain the character and features of the castle, so that several have fine oriel windows overlooking walled gardens.

Thornbury Castle is five miles from the Severn Bridge and the junctions of the M4 and M5 motorways, and therefore well placed for touring south Wales, the Cotswolds, Wye Valley, Bath, Bristol and Somerset. Slimbridge Wildfowl Trust, plus Berkeley and Sudeley castles, are close by, as is Badminton. There is horseracing at Bath, Chepstow and Cheltenham.

• Thornbury Castle is at *Thornbury, Bristol BS12 1HH*. Tel: 0454-412647-418511, Telex 449986 Castle G. Current rates (to October 15) range from £80 per night (small twin bedroom) to £170 (suite), including continental breakfast, VAT and service.

Michael Thompson-Noel



The Fiat Uno Selecta . . . easy two-pedal control without loss of performance or economy

New-style automatics

Now you don't need gears

SMALL CARS with small engines demand more gear changing than large cars with two or more litres of cylinder capacity under their bonnets; from which it follows that small cars stand in greater need of automatic transmission.

Yet last year, when nearly 175,000 new cars fitted with automatic transmission were sold in Britain, only 14,200 of them were small family models. Put another way, nearly 10 per cent of all medium and large cars sold were automatics, but less than 3 per cent of the smaller ones had two-pedal control.

If the statistics are substantially different next year, the credit will go to a brace of small hatchbacks—the Ford Fiesta and Fiat Uno — which have just become available with continuously variable transmission, or CVT for short.

CVT has nothing to do with conventional gearboxes or the usual kind of automatic transmission, which is based on a hydraulic torque converter linked to a self-changing gearbox. The hydraulic torque converter does the job of a clutch but also increases the engine's pulling power (that is, torque) to some extent. By itself, it is not enough to let the engine accelerate the car from a standstill to cruising speed in a reasonable time, nor can it provide the extra urge needed for overtaking or hill climbing. Hence the need for a gearbox which automatically shifts ratios according to the car's road speed and the load on the engine.

Conventional automatics — especially the latest ones with four-speed gearboxes and mechanical lock-up to eliminate slippage in the hydraulic torque converter when crusing—work very well; but they raise fuel consumption by anything up to 10 per cent, and reduce performance in small-engined cars to some extent.

CVT has no gears and no hydraulic torque converter. Essentially, it consists of a belt running over two pulleys. These change in diameter, allowing the engine to speed up when more power is needed for acceleration or hill-climbing or slow down for constant-speed driving on level ground.

If this sounds complicated, remember that CVT gives the convenience of a conventional automatic transmission with the economy you would expect from a manual gearbox car. The PRNDL selector (park, reverse, neutral, drive, low) looks exactly the same as in any car with a three-speed automatic and is used in a similar way.

Only the engine note gives the CVT away. When you accelerate, the engine speeds up immediately and the car's speed gradually rises to match it. The same thing happens if you floor the accelerator at 50 mph (80 km/h) to overtake something.

Ford manufactures the CVT and supplies it to Fiat, though the metallic belt is produced by a Dutch firm in which they both have a stake. But Fiat seems keener to popularise CVT than Ford. Its Uno Selecta with CVT is a five-door 1.1 litre hatchback but undersells the Fiesta 1.1L three-door by over £160. The Selecta costs £6,380, the Fiesta 1.1L with CVT (which Ford calls CTX—continuously variable transaxle) is £6,543 and the Ghia version costs £7,289.

Nearest competitors with conventional automatics are the 1 litre, five-door Daihatsu Charade at £6,399 and the Nissan Micra five-door at £6,658.

I drove the Ford mainly in London. Hyde Park Corner is the kind of place where a two-pedal car excels and the Fiesta was very nippy indeed in traffic. Inching along a traffic-jammed Knightsbridge, I missed the cushioning effect of the hydraulic torque converter.

The Fiat's engine installation seemed better suited to the transmision, though I did drive it on more open roads than the Ford. Both cars cruised on the motorway quietly enough for the radio to be enjoyed.

The Fiat, which is cheaper, has five doors, is roomier and rides more comfortably, seems to me the better buy. The official figures suggest it will be more economical on the open road though the Fiesta will have the economy edge in town. With sensible use, either car should average around 40 mpg (7.06 litres per 100km), always providing there are not too many short trips with cold starts.

Anyone seeking a small car that will be used mainly for shopping or urban motoring would do well to look carefully at both Ford and Fiat. They really do make the clutch and synchromesh gearbox look increasingly out of date.

Stuart Marshall

BRIDGE

TODAY, I offer two interesting spade contracts from rubber bridge. The first was played excellently by Brian Jackson:

```
            N
         ♠ J 10 8
         ♡ 9 4 3 2
         ◇ 7 4 2
         ♣ K J 8
   W                   E
♠ Q 2             ♠ 4 3
♡ Q 10            ♡ K J 7 6 5
◇ A K Q J 10 6 5  ◇ 9
♣ 10 7            ♣ Q 9 5 4 3
            S
         ♠ A K 9 7 6 5
         ♡ A 8
         ◇ 8 3
         ♣ A 6 2
```

At love-all, West opened with a gambling three no-trumps. After two passes, Brian in the South seat bid four spades, which secured the contract.

West led the ace of diamonds and followed with king and queen, East discarding a club and a heart. Ruffing the third diamond, the declarer decided that, if East held the queen of trumps twice guarded, he could not make the contract as the queen of clubs was odds-on to be offside.

He would play East for a 2—5—1—5 pattern and operate a heart-club squeeze against him. He cashed ace and king of spades, carefully unblocking dummy's knave and ten, and was happy to see each defender producing two spades.

Now came the all-important play—a low heart from hand which was taken by West's 10. If West leads another heart—and this is what happened in actual play—the declarer cashes his remaining trumps and catches East in a simple squeeze.

But if West leads the 10 of clubs, South wins in hand and runs all his trumps except one. In the four-card ending, dummy holds nine, four of hearts, and king, knave of clubs; East has king, knave of hearts and queen, and nine of clubs; while South holds a spade, the ace of hearts, and six and two of clubs. Now the last spade, on which dummy's knave of clubs is thrown, catches East in a criss-cross squeeze.

I was dummy in the next hand:

```
            N
         ♠ A Q 8 4
         ♡ J 7 5
         ◇ 6 5 4 3
         ♣ K 3
   W                E
♠ K 5 2          ♠ J
♡ 10 6 4 2       ♡ 9 8 3
◇ K J 9 7        ◇ Q
♣ 9 4            ♣ A Q J 10 8 6 5 2
            S
         ♠ 10 9 7 6 3
         ♡ A K Q
         ◇ A 10 8 2
         ♣ 7
```

South dealt at game to East-West and bid one spade, I raised to three spades, East came in with four clubs, and South's four spades concluded the auction.

West led the nine of clubs, East won with the queen and returned the ace. My partner ruffed, took the right view of finessing the queen of spades, and East dropped the knave.

Crossing to hand via the ace of hearts, he finessed the eight of spades, drew West's king and led a diamond. When East produced the queen, the declarer won with his ace and followed with the two. West made three diamonds to defeat the contract.

"Unlucky," said my partner. "True," I replied, "but you could have given yourself an extra chance." After drawing the last trump, the declarer should cash his other two hearts and lead the two of diamonds. He makes the contract if the suit breaks 3—2, but there is an added chance that East holds a singleton honour, as he actually does.

He wins with the queen and must give a ruff discard. It does not help West to operate a Crocodile Coup by playing his king and "swallowing" his partner's queen, for then he is endplayed.

E.P.C. Cotter

CHESS

AMONG THE most remarkable chapters in chess history is the career of an illiterate Punjabi who defeated the greatest masters of his day despite ignorance of opening theory, chronically poor health, and even learning Western chess at the late age of 21.

Sultan Khan was the youngest of a peasant family of nine. He was employed as a servant in the household of Sir Umat Hayat Khan, a wealthy chess patron who was later equerry to King George V.

Sir Umat noticed his man's talent for Indian chess and encouraged him to learn the Western form. Sultan Khan improved so fast that he won the all-India championship within two years, and then accompanied his master to England in 1929.

As Indian champion, he was accepted for the all-play-all British title contest. His opening play was seriously handicapped by his education in the Indian form of the game, where pawns advance only a single square on their first move.

He could not read chess books, suffered malaria during the tournament, and was accompanied to each game by a pair of attendants—one to write down the moves, the other to keep Sultan supplied with lemonade.

Despite all this, he won.

The following year, Sultan Khan's international career began in earnest and soon produced a historic result. At Hastings he defeated the great Capablanca, who had only just lost the world title and was still considered almost invincible.

In 1931, the modest genius was chosen to lead the England team in the Prague chess olympics. His score was excellent, eight wins and only two losses. Seven draws included a game with the reigning world champion Alekhine, who could make no impact with the white pieces.

In four years in Europe, Sultan Khan won the British title three times and was runner-up on his only other attempt. His openings remained dubious, his middle game full of strategic depth, his endings of Oriental subtlety.

Then, in 1933, his career ended as suddenly as it began. Sir Umat returned home, and Sultan decided he had had enough of chess. He played one more match, defeating the Indian No. 2 by 9½-½, then retired to a small property in the Punjab where he farmed happily for the rest of his life.

This week's game is typical of Sultan Khan's style, slow yet concentrated and impressive. Ignoring White's tactical ploys, he narrows his fire on to a weak square at KB6. At the end White has to resign because of 29 Q-Q2, RxR followed by N-B6 ch or N-K7 ch.

White: V. Soultainbeieff. Black: M. Sultan Khan, Queen's Indian Defence (Liege 1936).

1 P-Q4, N-KB3; 2 N-KB3, P-QN3; 3 P-B4, P-K3; 4 P-KN3, B-N2; 5 B-N2, B-N5 ch; 6 B-Q2, BxB ch; 7QNxB, 0-0; 8 0-0, P-B4; 9 Q-B2, N-B3; 10 PxP,PxP; 11 P-K4, Q-B2; 12 KR-K1, P-Q3; 13 QR-B1, P-KR3; 14 P-QR3 N-Q2; 15 Q-B3, P-QR4; 16 N-R4, P-N4; 17 Q-K3, Q-Q1; 18 N(4)-B3, Q-K2; 19 P-R3; QR-N1; 20 P-N3, B-R1; 21 N-N1, N(2)-K4; 22 P-QR4, NxN ch; 23 BxN, N-O5; 24 B-Q1, P-B4; 25 PxP, RxBP; 26 R-B3, QR-KB1; 27 R-KB1, R-B6! 28 BxR, RxB; 29 Resigns.

PROBLEM No. 681

BLACK (4 men)

WHITE (7 men)

White mates in three moves against any defence (by A. Klinke). This simple setting proved an obstacle course for earlier solvers; many were defeated. Half an hour from the diagram is fast going.

Solution Page XVII

Leonard Barden

Country Property

• PROPERTY •

Welcome to Resurrection City

John Brennan on the growth of London's Docklands as a residential area

NEXT Thursday the Queen will attend the formal opening of the Docklands Light Railway (DLR). In many ways, it is a ceremony that marks the end of the beginning of a commercial and political gamble that has already paid off.

The winnings so far are tens of billions of pounds worth of increased land values, as well as the most concentrated burst of commercial and residential development in Europe.

It is just six years since the London Docklands Development Corporation (LDDC) was conjured into life by the then Environment Secretary, Michael Heseltine. The LDDC's brief was to achieve the "lasting regeneration" of the biggest and, since it lies so close to the heart of the City, most blatant of the country's urban wastes.

The Corporation was given an initial budget of just £65m, and let loose on an area that had continued to rot despite a quarter of a century of successive "masterplans" for its revival.

Six years later, the big questions about Docklands tend to be; is the residential property now over-priced? When will critics of the £3.5bn Canary Wharf office complex ever realise that the scheme is already a success by helping to generate new jobs on the Isle of Dogs? Is the DLR too slim a public transport link for the area? Who will win the right to turn the Royal Docks into a vast water city? Will the new London City Short Take Off and Landing Airport be a success? and what benefits will the locals derive from the new jobs and high cost housing?

In 1981 there were no such questions. The only hope for the children of the Docklands' 40,000 remaining residents was to get out of the area as fast as they could. All 28,000 jobs in London's once thriving docks had gone. Six in ten of the area's post war population had already left the area. A disproportionate number of the remaining households were elderly people, unemployed former dockers, and never-employed school leavers.

Anyone today who cavils at the unbalanced development of Docklands in the intervening years simply does not know what the area was like before it was dragged back to life.

Those who complain that this open-plan building site offers nothing but overpriced flats for overpaid young City workers haven't looked at the real housing figures. They ignore the fact that it is only a few years since Sir Nigel Broackes was seen to be putting his reputation on the line by accepting the chairmanship of the fledgling LDDC.

It was Sir Nigel who used housing as the lever to get the development bandwagon rolling. It was his chief executive at the LDDC, Reg Ward, who impressed—but didn't endear himself to—the local authorities by acquiring the sites for private development. After decades of trying to stop the area's decline, Docklands councils had become used to giving a reflex, defensive "no" to anything that smacked of private development, and which didn't immediately ease their permanent council housing crisis.

In an area that is now swarming with contractors' dumper trucks and housing developers' signs—which sport the occasional rough-daubed "Yuppies Out" and "Yuppie Free Zone" graffiti—it seems so long ago that every street had its stretch of rusting, corregated iron fencing; that the river was locked away from dock communities by prison-scale dock walls; and that this abandoned part of town was unlit and silent at night.

In Dockland's housing market there have already been three distinct stage since 1981, the "incredulous," the "gold rush," and now, the "interregnum."

The "incredulonus" stage dates from the very first days of the LDDC when Sir Nigel Broackes defied conventional

A Wapping riverside plot at £7m an acre

wisdom and decided to concentrate first on persuading private housebuilders, rather than commercial developers, into the area. Instead of underlining the lack of manufacturing jobs by creating acres of unwanted advanced factories, the LDDC provided the cheapest building sites in central London—and what turned out to be a captive market for private houses and flats.

Only 4 per cent of Docklands residents owned their homes in 1981. But since then (and in sharp contrast with the common assumption that all, or most of the new Dockland homes have been for incomers with six-figure budgets) six in 10 of the 12,000 new homes have been priced at under £40,000.

When it is published later this year, the 1987 LDDC annual report will show that 40 per cent of Docklands homebuyers are locals. It will also show that earlier estimates of a total new housing stock of 9,000 homes on LDDC owned land, and a further 4,000 on council and private sites, have been substantially ungraded—to 16,000 and 9,000 respectively.

The latest figures indicate that by the time the Docklands residential schemes are complete, at-least 25,000 new homes will have been built in an area that is nowhere more than six miles from the centre of the City.

By 1982-83 it had become apparent that the pioneer housebuilders were selling properties as fast as they could build them, and that they had been drawn—despite their initial scepticism—on to the hottest building site in London. Incredulity swiftly gave way to the gold rush period.

Between 1981 and 1983, while the former residents of council flats were settling into homes of their own in Beckton and Rotherhithe, riverside flat conversions in the abandoned Docklands warehouses switched from being Bohemians, to chic.

The conversions were never cheap, but in the late 1970s and into the 1980s they had been the least expensive and among the most distinctive of central London apartments. In a few months, as enough flats came on to the market to draw more than a handful of special buyers to Wapping, Limehouse, Southwark and the tip of the Isle of Dogs, prices doubled, then doubled again. Suddenly, every developer in the business was fighting to buy sites and old dock buildings that couldn't have been given away a few years earlier.

Cleared residential sites on offer at £35,000 an acre five years before had started to change hands for as much as £500,000 by the end of 1982. Since then land costs have continued to outstrip the price rises recorded for completed flats as more developers chase fewer good riverside plots.

Land prices have risen to drive many of the major housebuilders out of the race, leaving the bidding to relatively new development companies hoping to offset high financing costs by cash-flow from advanced sales. These bull market operators have helped to fuel the continuing price spiral.

Last year a number of residential sites on the Isle of Dogs changed hands for over £2m an acre. Late in the year there were reports of at least one deal at to more than £4m an acre. Today, the asking price for one small wharfside site in Wapping, which is being privately offered to developers with full planning consent for high-density housing an small offices, has reached £7m an acre.

Nothing seems to cool the market for development sites, but as far as residential prices are concerned the gold rush period is over.

Plenty of speculators who hoped to make a quick profit by putting down deposits on flats being sold 'off-plan' a year or 18 months ahead of completion, are now nervously trying to sell their options to buy.

In this interegnum period—until the infrastructure of the area catches up with its building works—it is hard to see any reason why Docklands prices should move much out of line with those of properties in the rest of London.

There are exceptions to this rough parity of course. Docklands does have more than its share of unique buildings and sites where prices defy attempts at applying averages.

But a dampening influence on prices will be the short to medium term impact of a substantial increase in the supply of properties for sale.

There were just under 1,400 completions in 1986. But at least an extra 3,700 units will be

An accepted part of Central London

ready before this year is out. It is true that several hundred of those flats have been "sold" in advance, but it's a moot point how many of those deposits were paid by people who will stick with the deal

So re-sales of options to buy have to be added to the increased number of flats coming to market; it is also necessary to add to that total the planned forward sale of a proportion of the 3,000 or more new units due to be finished in 1988.

Add up all the sales that need to be made and it's reasonable to assume that the market could be heading for a period of indigestion.

There are plenty of events to attract new potential buyers to Docklands as the supply of properties increases.

There are many factors likely to swell the number of visitors and possible buyers to the area: the opening of the DLR; the beginning of the first of the riverbus services later this year; the start of flights from the STOLport; the completion of the new road system, and successive announcements of incoming commercial developments—with Canary Wharf as the largest, but only one of a number of key schemes which will bring new jobs into the area.

Beyond this it would take a purblind cynic to doubt that, over the next five to ten years, this riverside stretch of London's east end will become as accepted a part of residential central London as Fulham or Chelsea—and that it will be priced accordingly.

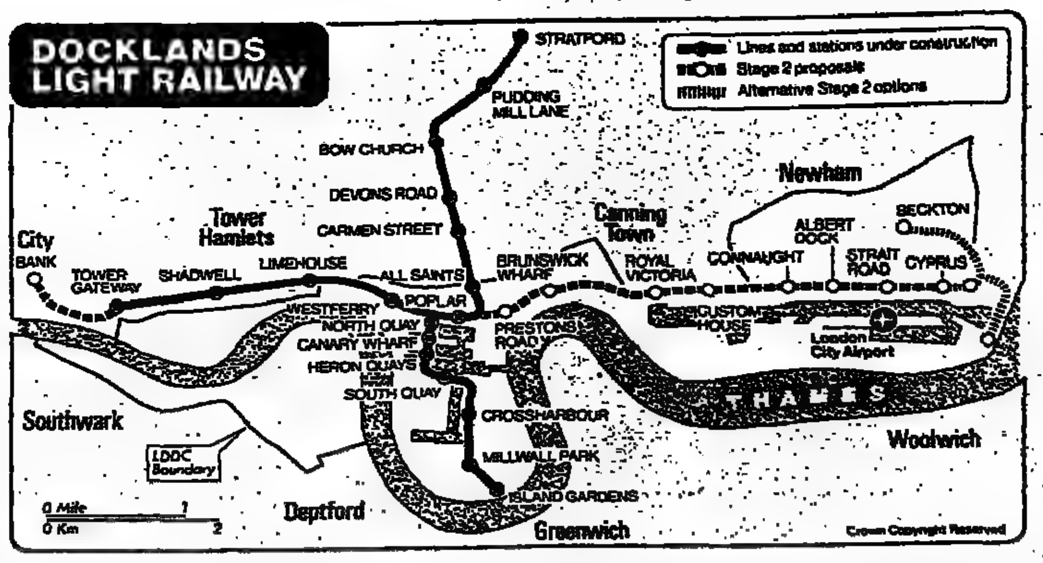
The current quality of new building and renovation work, and a programme of regional road and rail improvements totalling more than three quarters of a billion pounds, combine to suggest that prime Docklands homes could well be valued above some of the traffic-congested, mixed-quality, properties in the west. But that is in the future. What about Docklands today?

Keith Meehan, managing director of Berkley House, which has several hundred million pounds worth of developments in Docklands says: "I think that prices will tend to stabilise over the next couple of years. It has never happened before that so many new homes for sale have been released in such a short time, and I think that there must be a period when prices will settle down."

Meehan already regards Docklands "as an established residential area alongside Kensington, or St John's Wood." But he echoes the general view that "the area has got to have time to catch up with the building work, to get the shopping and schools in. It is already happening, but it takes time."

Paul Austin of Carleton-Smith confirms that "we are really coming to the end of the pure dealer market, and already a lot have got frightened and are putting contracts on the market at the price they paid for them."

Austin says most incoming buyers do conform to the popular image. They tend to be young, single people, couples without children and Monday-to-Friday residents using a Dockland flat as a *pied a terre*. Austin also says that "anything under £150,000 sells, anything over £500,000 is likely to be special enough to sell. It's in between that there can be problems."



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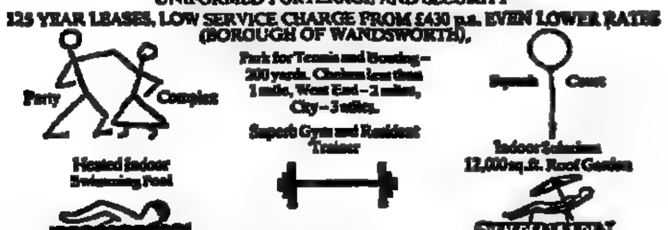

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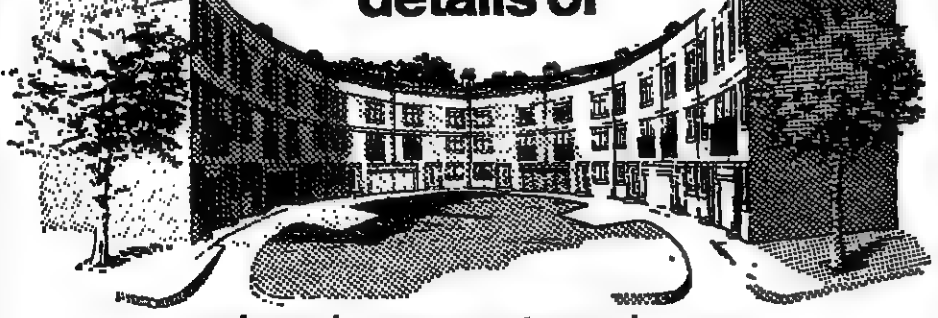

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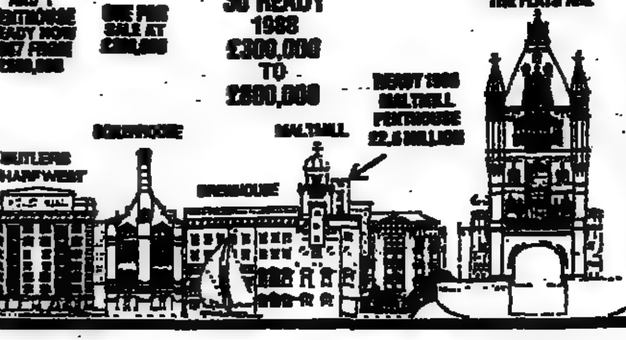

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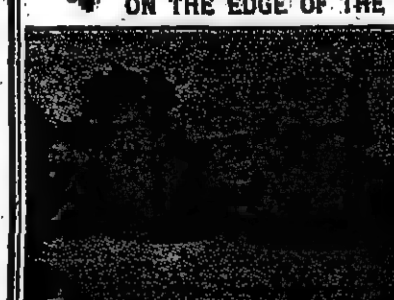

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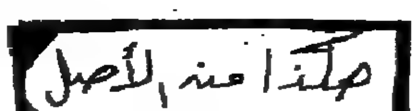


Old-time excellence

Arthur Hellyer visits a great English kitchen garden

IN HER NEW book "Cottesbrooke" (Century £14.95) Susan Campbell tells the story of one of the few large English kitchen gardens that still maintains the standards of excellence expected in the 19th century. The garden covers three acres, has two large walled enclosures for vegetables and soft fruits, and another for frames and glasshouses, used for the cultivation of grapes, peaches, nectarines and other fruits as well as forced vegetables and pot plants for the house. A fourth enclosure, part-walled, part-hedged, is for tree fruits.

Over the centuries there have been many changes at Cottesbrooke. There was a manor house here in 1628, and most likely long before that, but it was pulled down in the early 18th century to make way for the present handsome red brick mansion.

The owner of the day, Sir William Langham, made himself a great landscape garden in the then fashionable style, enlarging a pond to make a long, river-like lake, spanning it with a graceful five-arch stone bridge, and building two stone lodges in classical style close to the kitchen garden so that the entrance drive came in from the south instead of from the north as it had done previously. He planted trees to channel the view to Brixworth Church three miles away and, apart from engaging an architect to design the bridge and lodges, he appears to have done it all himself with complete confidence and success.

Just before the first world war a professional garden designer was at work at Cottesbrooke: Robert Weir Schultz who belonged to the Arts and Craft movement and had worked with Norman Shaw. He made a series of walled enclosures beside the house and it is within and around these that the pleasure gardens at Cottesbrooke have developed in a very attractive way.

None of this affected the great kitchen garden half a mile away to the south. It continued on its own way, preserving all the traditions of the past but acquiring new glasshouses as the techniques of building and heating these improved.

In 1938 Major R. N. Macdonald-Buchanan purchased the property and restored the entrance drive to its original northerly position so that he could make a fine formal parterre in place of the courtyard on the south side. He had the two stone lodges by the kitchen garden dismantled and re-erected where the original entrance had been, which was really rather a pity since it deprived the bridge of its matching buildings and gave him a pair of stone lodges which were out of character with anything else on the north side.

In all other respects the Macdonald-Buchanans have been ideal owners, not only maintaining but actually improving the ornamental gardens, with the aid of such artists as Sylvia Crowe and Sir Geoffrey Jellicoe, and employing sufficient labour to maintain it and the kitchen garden in impeccable condition.

Who would have believed that a minor work of art could be made out of an old galvanised tank

Cottesbrooke Hall, like so many of the great privately owned gardens of England, is open to the public a few days each year under the auspices of the National Garden Scheme. There have already been two open days this year and there will be a third on September 13, from 2 to 6 pm.

In the past I fear that most visitors have missed the kitchen garden, to which there is no direct access from the pleasure garden. One must go back through the village to the church and enter the kitchen garden direct from the road where the main entrance has always been. It is not a great distance—maybe half a mile—but sufficient to deter anyone who does not know just how fascinating the kitchen garden is. I would have missed it myself had it not been for the kindness of the head gardener, who guided me round in his car. I was amazed by what I saw and grateful to him for his insistence that I must see it.

No doubt now that Susan Campbell's book has appeared many more visitors will make the short journey and be well rewarded for their effort. She tells her story well, in the form of a diary recording thirteen monthly visits to Cottesbrooke, from October 1984 to 1985. Photographer Hugh Palmer accompanied her and has produced some marvellously evocative photographs showing Ken trimming grapes and training fig trees, Doug (the head gardener) at work in the vinery and sowing seeds in the potting shed, Teresa hoeing onions and picking peas, and many more such things.

Does that sound mundane? You will not think so when you see what Hugh Palmer has made of them. Who would have believed that a minor work of art could be made out of an old galvanised tank for washing pots in the mushroom house, or blanched chicory beside the gracefully crafted earthenware forcing pot, from which it had just been removed, standing on a beautifully patterned cast iron grill.

There are lots of lively little sketches by the author tucked into the text, which is equally lively and guaranteed to keep the reader interested from start to finish. Susan Campbell writes how on arrival she and Hugh were "bewildered by a network of lanes bordered with wide grass verges. The fields are bounded by noticeably substantial posts and rails or low well trimmed thorn hedges and ditches. Not a bramble or a strand of wire is to be seen, for this is one of the parts of England where the fox hunting is of the very best. We are in 'the grass' not far from the country that Mr Jorrocks described as 'the heaven of heavens' . . . This, I tell Hugh, who remains unimpressed, is country made famous by such names as the Pytchley, The Bicester and Warden Hills, The Fernie and The Grafton."

Maybe it will also now acquire new fame as the home of the remarkable kitchen garden of Cottesbrooke Hall.

● *Cottesbrooke is in Northamptonshire, between Creaton on the A50 and Brixworth on the A508.*

Robin Lane Fox fulfils a dream

Goodbye garden, hello pool

YOU MIGHT want to sleep in your garden: you might even want to tarmac it. Personally, I have always wanted to swim in it. This week, I have been realising one of our family's oldest dreams.

We have already made an enormous hole, some ruts, and a frightful mess of a piece of lawn. We have broken half a dozen paving slabs and taken our revenge on some dull old Pulmonarias by squashing them with a three-ton dumper. But the outline is visible, the mirage of a swimming pool made firm. Over the next month, I will be reporting on any progress we make.

If you feel you want a swimming pool, too, there are three ways of organising it. You can hand it over to an expert pool-building firm which will charge you a five-figure price excluding VAT, heating, automatic cleaning and summer and winter covers. When you rebound, you will probably think of doing it yourself.

Self-doers naturally think of kits, and here the pool-building companies come back again, because many of them offer kits to take off the strain. Kits include aluminium walls, fibreglass walls or pre-moulded concrete walls which you more or less fix with a spanner.

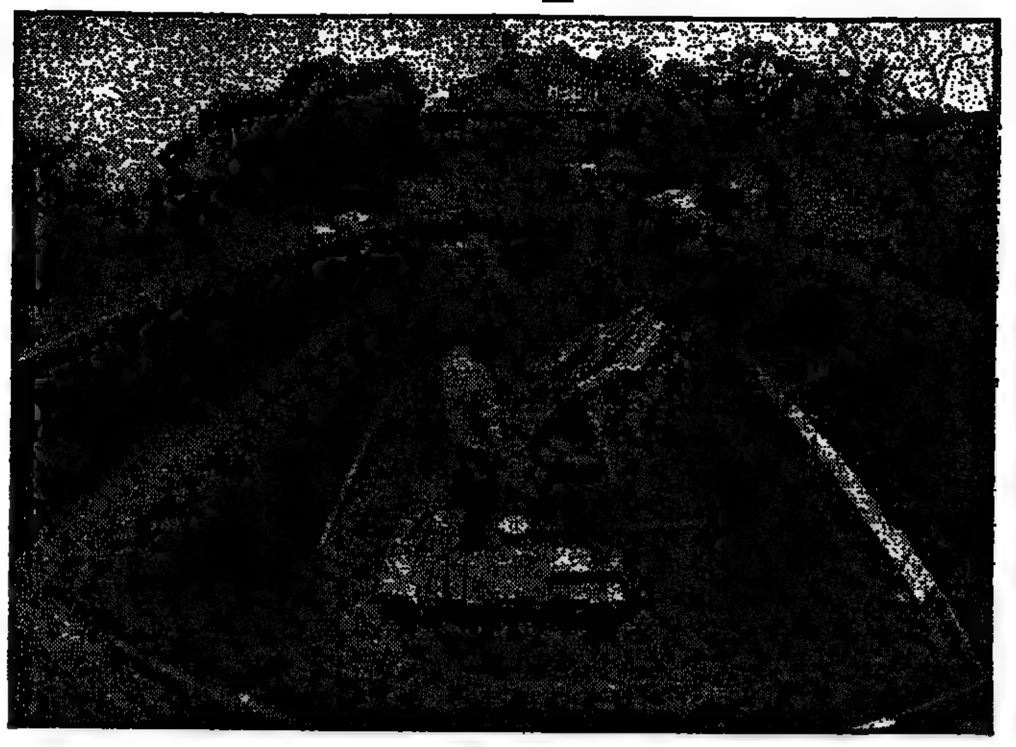
My researches have established an odd point about them all: suppliers of fibreglass kits say they gave up aluminium years ago; suppliers of aluminium kits say that fibreglass can cause blisters; the pre-moulded concrete systems cost almost as much as an expert pool-builder; and some of the expert pool-builders will have nothing to do with any of them.

They may save time and I daresay they may not corrode, blister, buckle or cause strains, although dealers assured me that they would do one or the other over 20 years. They are not cheap and you can never be sure.

The third method is mine. Avoid all kits. Trust in the good old British concrete block; find some intelligent British workman and forget the misleading veil of "luxury," novelty and exotic skill which we still mistakenly drape round the idea of a "pool."

First, you need a professional driver to work a mechanical digger: any plant-hire firm will produce one but mine, Bertie, kept the job in perspective by doing it in five hours.

You need a pair capable of plumbing, bricklaying and thinking, preferably with a sense of humour and eight spare days: I am relying on Alan Hemsley Plumbing of 62 Hill Crescent, Finstock, Oxfordshire, and his mate Dave, who can show much common-sense and no experience of constructing pools.



The Lane Fox pool . . . already there is water in the bottom

You need to hire a plasterer for one day at the weekend: rustle the pound notes and put out the word in the pub. You will also need an electrician for a day, especially if your family is less inhibiting than mine and allows you to fit the ultimate vulgarity of underwater music as well as underwater lights.

I have all these assets plus an excellent example and an excellent booklet. This is called the *Vycon Guide to Pool Installation* and is available from Peter Geekie Pools of Cumnor, Oxford. It is one of the biggest pool companies and is extremely generous with advice and encouragement to amateurs.

Quite a bit of the booklet is ambiguous to my academic mind, but Alan and Dave have mastered it. If you cannot tell a bush from an M1 connector, you can hire a 45-minute Vycon video and hold a viewing party for the work force to take it through the job.

The example has been more positive. In 1954, my father built us all a pool. It was dug by hand and built from concrete blocks; it was designed from a sketch for a lily pond in a gardening book by an assistant keeper at the Royal Botanical Gardens, Kew; it was arranged with a unique Lane Fox system so that running water trickled from the handrail; and it cost £120.

We sub-contracted one wall, which started to wobble in 1969. When we replaced it, we re-lined the pool with one of the new PVC plastic liners, fixed to a surrounding rail of treated wood. Since then, we never had to paint it or empty it.

The pool has flourished for 33 years and the liner has lasted for nearly 20, although seminars and leader writers in the trade maintain that liners in Britain begin to need to be changed after seven to 10 years.

In 1954, we broke most of the "rules." We built the walls straight and laid the concrete blocks vertically, as normal. The Vycon booklet insists that a pool must be built only by laying concrete blocks flat on their sides and backfilling devotedly with tons of shingle.

We also missed the short cuts. The job is hardly cheaper now but it is absurdly easy for us veterans. We built straight walls 6.5 ft down to an old-fashioned ideal, the "deep end." Nowadays, the straight concrete block walls of the pool need only be 3.5 ft high. From then on, you slope the ground at an angle, descending to a central rectangular "hopper" which is the deep central pit. This shape makes a pool much cheaper to heat and maintain.

Unbelievably, the slopes and the floor need be coated only with a thin 2 in layer of sand and cement. PVC pool-liners are now the obvious choice, lessening the pressure on the walls, adjusting to small movement and saving the need for complex reinforcement.

Like you, I began by worrying that the new "hopper" shape was dangerous for pool-hopping. Owners and experiment reassure me that it is quite safe to jump into a hopper pool as the slope is steep enough away from the walls when you begin to sink. The central pit can go as low as 7.5 ft, the official depth for safety if you fit a diving board.

Digging, too, is a thing of the past. These days, you excavate and you need the biggest and quickest machine — a Hymac, not a JCB. Our dig cost us £130. The earth has to be moved and you must not underestimate the way in which earth expands when it is dug out. You must reckon on a height and area about three times the volume of earth which you excavate if you intend to lose it elsewhere in your garden.

Complete removal by lorry is slow and expensive, so it pays to lose it if you can. If the run from the pool to the dumping ground is more than 50 yards, you should hire two three-ton dumpers, not one. Otherwise, your hired machine will be sitting idle for too long.

Our dumping route, I admit, could have been easier. When the church built our Old Vicarage, they were not reckoning with three-ton dumpers doing the circuit round it. The earth had to be run round the side and back, hard right down the path to the village church hall, and dumped into a thicket of unpleasant sycamore saplings.

Once, Dave had driven dumpers for the Ministry of Defence on a beach in Kent; anything Dave could do, Alan would try to do better. In five hours, the run became a fine art. Dust clouds swirled round the Old Vicarage until the track record from pool to church hall, dump and back again stood at a British all-comers time of 1 min 38 sec, achieved just before the tea break.

We now have mysterious humps of earth, like a mass burial, beyond the less mysterious green tin church hall: whatever will archaeologists make of the history of this Christian meeting place? We also had three hours to spare: just time to excavate a run-back to a grass tennis court, crack a few more paving stones and break up the last of the 30 ft Leylandii hedging, felled in 10 minutes by a Hymac's heavy bucket.

When you have dug the pool, be sure to use the digger on your overgrown conifers: it sounds cataclysmic, and the night before it did all seem like garden-rape. But it has been raining since and already there is water in the bottom of our unmade pool.

• DIVERSIONS •

Antony Thorncroft reports on a gamble

Hollywood memories

Saleroom

THIS WEEK, Derek Crowther celebrates 30 years in charge of one of the oddest antique firms in the country—Crowther of Syon Lodge, trader in architectural fittings and garden ornaments. If you want some 18th-century wall panelling, a 19th-century fireplace, a fountain or a marble statue, Crowther's spacious premises backing on to Syon House in west London is the place to go.

Crowther has given himself the marketing challenge of a lifetime to commemorate the anniversary. He has just bought from 20th Century-Fox 100 yards of old wooden panelling. The film company just could not afford to hoard it any longer.

Crowther already is finding it a problem, for some of the panels are 14 feet high. What he desperately needs is someone with around £2m who wants the fanciest interior for their new home now on the market.

The panelling is mainly 18th-century French, some Louis XV, some 30 years later in the more chocolate-box style of Louis XVI. It is of the finest quality, with delicate carving, and almost certainly came from a royal residence. In all, it makes up five rooms (there is a sixth, small, room of English Jacobean). Before arriving in Hollywood in 1947, it had graced two of the finest mansions on New York's Fifth Avenue — the homes of the Gould and Vanderbilt families.

The American tycoons of the late 19th century looked to France for their artistic taste. William H. Vanderbilt did not haggle when in 1882 he furnished his 58-room Manhattan residence, described as "the most expensive private home in America"; Parisian dealers must have made fortunes from his commissions for furniture and fittings.

His ballroom measured 63 ft by more than 48 ft and was covered with the panelling that in its magnificence points to a royal origin. Vanderbilt needed such a pedigree: he was to entertain in the room the Prince of Wales and King Albert of the Belgians.

The Vanderbilt money was frittered away in two generations, though, and the film studios, anxious to acquire sets for their costume dramas, paid $3,500 for the ballroom, adding the dining room for $975 and the study for $1,250. These three rooms, plus three smaller rooms from the Gould mansion, are now up for offers.

The experts at Versailles are *trying to trace the original* home of the panels but there is less mystery about their time in Hollywood. The ballroom was used in the 1952 film *Titanic*, starring Barbara Stanwyck, while the smaller salon starred in *Call Me Madam*, with Ethel Merman. The grand salon from Vanderbilt failed to play a role but a Gould room appeared in *The Razor's Edge* and the English room was a backdrop for *Wilson*.

Their years on the lot in Hollywood have taken a toll on the panelling but Crowther has the craftsmen to make the preliminary repairs; the complete renovation will await the wishes of any prospective buyer. Already, a Texan lady has expressed tremendous interest. The price, £500,000 for the ballroom and then on down, is not perhaps the biggest problem—it is finding a house large enough to handle them. In most cases, it needs a home in the process of planning.

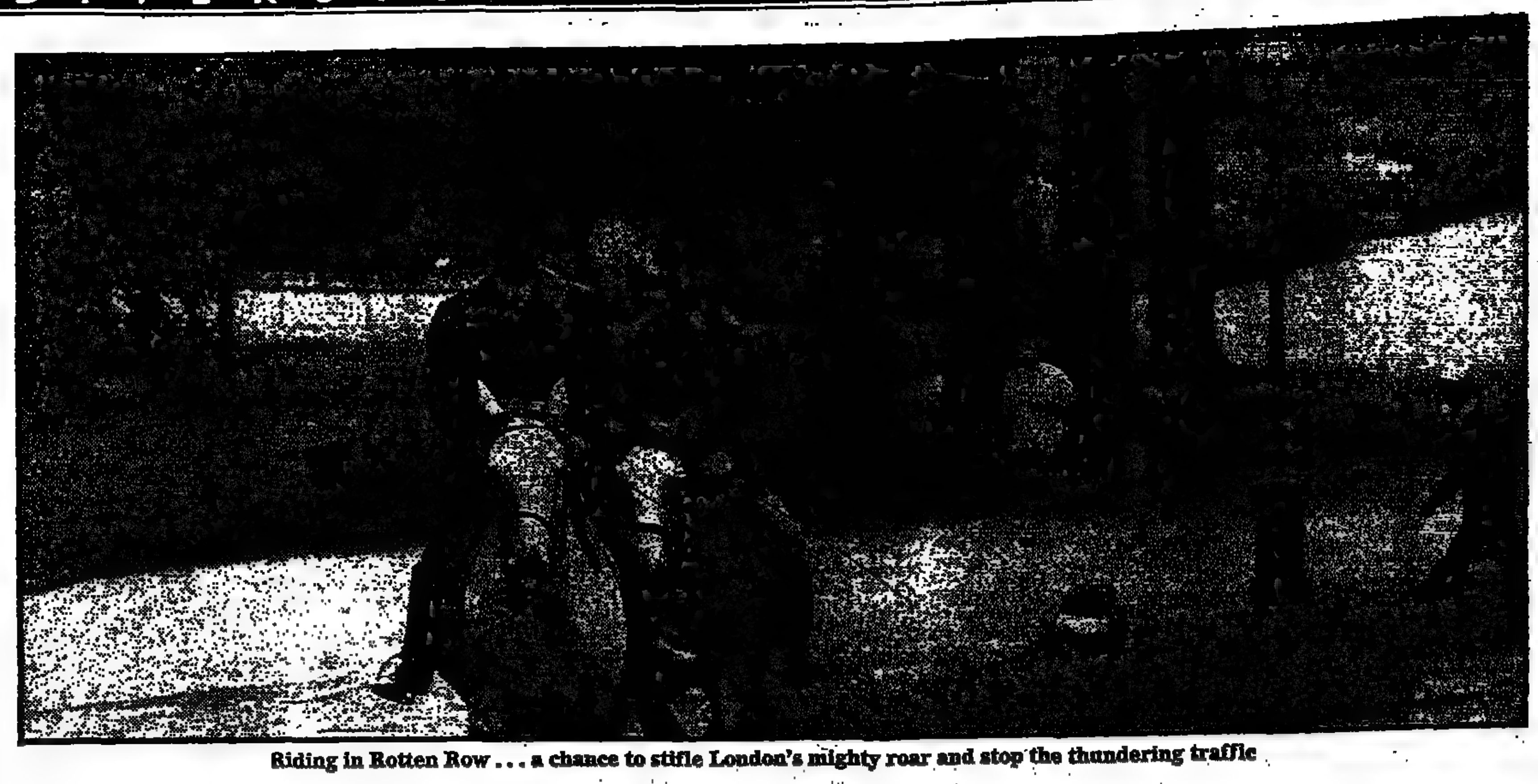
Panelled rooms from the past are becoming rare: old houses tend to be protected these days. But if the supply is slackening the demand is as strong as ever, mainly from Americans who want some instant history but also from Middle Easteners with houses in the Home Counties. An average room costs around £50,000 but can be a good investment.

Crowther is now buying back an Adam period interior that he installed in a modern house in Carshalton 30 years ago for *£10,000—today's price reflects a* healthy appreciation. There has also been considerable interest from companies, many of recent foundation, who want a panelled boardroom to lend solidarity.

For many years the auction rooms offered little competition in this market. The sheer size of garden furniture and architectural fittings deterred them. But now Sotheby's holds a large annual auction at its offshoot in Billinghurst, West Sussex, and Christie's South Kensington and Phillips are active. Crowther is a substantial buyer in the auction rooms; but the need to add a profit margin on statues and garden benches, acquired in keen competition with private collectors, has inevitably pushed up prices.

Invariably, buyers of an old interior are building a new house and can design the rooms to fit the panelling: but there is still the problem of the ceiling. Crowther has taken a gamble on his Hollywood purchase but its three-fold history — from 18th-century chateau, to 19th-century mansion, to 20th-century film world — should soon pay his storage bills and provide the profit to enable him to recapture some family history: he intends soon to deal in furniture, an old Crowther sideline.

The small salon used in the movie "Call Me Madam"



Riding in Rotten Row . . . a chance to stifle London's mighty roar and stop the thundering traffic

Bottom of the gallop poll

A LEISURELY canter down Rotten Row on a sunny summer afternoon must strike many people as one of the more pleasurable—even smart— pursuits which London offers. Visions of Edwardian gentlefolk taking the air and all that.

The truth of it, I have discovered, falls rather short of this idyllic picture, though I wouldn't discourage you from having a try.

We had decided to go out *en famille* to celebrate my pony-loving daughter's 11th birthday, and booked with the famous Lilo Blum stables in the *mews at the back of the old St* George's Hospital at Hyde Park corner. We arrived in plenty of time for our 11 am outing, but immediately encountered two disappointments.

I don't know how you imagine Hyde Park's classiest livery stable, but I doubt if the Blum establishment quite matches up *to it. Far from evoking the age* of elegance, it turned out to be a dirty, ramshackle place with peeling paint and cramped stalls whose conditions appalled my daughter, who knows a thing or two about pony stables. Mews were originally built to house horses, of course, but I'd like to think our standards have improved since then.

The next shock was to learn that because of various complications which never became fully clear, there were not actually any horses or ponies for us to ride. So we would have to wait for the previous group to return from the park, and they had only just set out. The only people in charge seemed to be a couple of young girls who were full of smiles (one had "100 per cent pony mad" on her T-shirt) but hopelessly disorganised.

Nearly an hour late we set off. I was given an old mare called Toffee who, one of the young girls told me, hated the company of other horses and was liable to kick and rear at any moment. Comforted by this knowledge, I joined the procession down to Hyde Park corner.

This, I have to admit, was a grand moment. The leading girl rode her horse boldly out into the thundering traffic, stuck out her hand and held up London's mighty roar while we slowly clip-clopped across to the Apsley House gate and into the park—with me praying that Toffee would not suddenly give vent to her hatred and dump me on the tarmac in front of that phalanx of revving impatience.

Once in the park, we set off at a gentle trot along the Serpentine, and that really was most pleasant. Bouncing along high above the crowds with the glittering water and green-swards stretching out on either side, it was hard not to feel exhilarated. Absolutely everyone stops and stares at you, of course, which means you either have to be a very good horseman or — as in my case — oblivious to the absurd spectacle you are creating.

My inadequacies were shown up vividly as we reached the end of the Serpentine and our leader began a canter. Toffee clearly knew that every step she took away from home only meant one more on the way back, and refused to follow, so I found myself vainly kicking her flanks while the others vanished in a cloud of dust. Toffee was right, of course. A few minutes later they all came cantering back, and she fell in lazily behind.

Not that it was relevant to me on Toffee, but Hyde Park's splendid bridle paths all have large signs on them forbidding horseriders to gallop. Too dangerous for such a highly civilised and well-groomed place, so don't go expecting a good equine work-out.

The next part of our outing took us over the Serpentine bridge and back towards Knightsbridge, with another gentle trot along the sandy pathways and among the trees. We emerged by the French Embassy where, *once* again, we held up the dense traffic as we crossed into Lowndes Square. To the credit of the urban drivers, nobody hooted or edged impatiently forward even though the traffic lights were green; on the other hand, I doubt if much could startle our hardened mounts.

From there, we weaved our way through the pretty little backs streets around Wilton Crescent. That was a strange experience, trotting past those Georgian facades; for a moment, we might have been transported back 100 years. Toffee was quite frisky by now, sensing that we were homeward bound, and without a firm hand on the reins I might have found myself galloping into Belgrave Square—which would certainly have made my day.

Back at Blum's the horses and ponies were led off to their Dickensian quarters, and the children fed them bread, apples and carrots. The outing had lasted 55 minutes and cost £12 a head, not the best bargain in town.

Why, I wondered, as I stared at the grimy windows and the thick cobwebs, did this amenity, with the splendours of Hyde Park only just round the corner, have to be so wretched? With all the trouble people have taken to prepare the park for riders, and all the history attached to Rotten Row, it ought to be possible to build a pleasant, well-run establishment *somewhere in the park itself*—maybe over at the Notting Hill end. Quite apart from making life more pleasant—not least for the horses—it would spare riders having to cross through some of the busiest traffic in the whole of London.

There may be some perfectly good reason why it can't be done; but I couldn't help feeling this sort of thing would be organised much better in other European capitals.

David Lascelles

A distillation of wisdom

THE WHISKY distillery, often a cluster of white-washed buildings along a fast-flowing river, is a source of as much reverence to the connoisseur of the spirit as a chateau of Bordeaux is to a lover of claret. The distillery has the added quality of mystery, since the making of whisky takes place inside metal vessels behind closed doors: there are no vineyards to be viewed.

In 1887 an English writer named Alfred Barnard spent two years on journeys that took him to every single whisky distillery in Scotland, Ireland and the handful that then existed in England. The result was *The Whisky Distilleries of the United Kingdom*, a solid volume with a short chapter on every distillery. For long it was one of the classic works of reference on the whisky industry.

Now, 100 years later, the entire process has been updated. Philip Morrice, a writer on whisky and a diplomat, followed Barnard's route (as far as possible) and emulated his format. He has produced *The Whisky Distilleries of Scotland and Ireland*—there are no longer any in England—which amounts to an elegant photograph of the industry today.

Designed primarily for the specialist and connoisseur, it is published in a leather-bound limited edition of 1,000 copies and costs £335.

Barnard visited 139 distilleries; Morrice (during leave from postings in Rome and Lagos) saw 121, but of these some 51 did not exist in Barnard's day, while 59 of Barnard's have disappeared. *The great concentration of* distilleries on Speyside—the Gironde valley of the whisky lover—was much sparser in the 19th century.

By contrast distilleries in outlying parts are now thinner on the ground, though Philip Morrice's journey still took him as far north as Orkney, as well as to Skye, and to the two remaining Irish distilleries, one in Ulster and the other in the Republic. Several distilleries in this book are currently not making whisky, to avoid over-production.

Curiously some of the most famous single malt distilleries of today, the Macallan and Glenmorangie, though in existence in the late 19th century, were dismissed by Barnard in a few lines. That is now remedied.

This book omits none of the charm of the individual distilleries, but consists primarily of descriptions of the processes used in each one, together with details of capacity and output. There is next to nothing about individual whiskies but much on technicalities of the different distilleries, whether of the traditional kind — usually with pagoda roofs — or stark modern industrial buildings.

Like a tactful guest Morrice has a polite word for all of them. In some ways this is a pity, since in other writings he has disclosed strong and critical views on some of the ways in which the industry is run. Deliberately, for this is a centenary volume, he has lent a 19th century formality to his style which echoes that of Barnard.

● *"The Whisky Distilleries of Scotland and Ireland" is available from Harper Publishing, Harling House, 47-51 Great Suffolk Street, London SE1 0BS.*

James Buxton

Archaeology

Digger's guide to the past

SUMMER is the time for archaeological digs, and many of them welcome visitors. You will see brawn and brain at work in the trenches creating history. The digging, cleaning, planning and lifting fascinate visitors as much as the build*ings that are identified from* dark smudges in the ground or the tools and bones that the knife and toothbrush reveal. The patient energy of diggers is always impressive, and it is sobering to see how fragile is the evidence on which grand theories of ancient life are based.

This year digs will be friendlier than ever, as Hepworth Iron (part of Hepworth Ceramic Holdings) is sponsoring an imaginative award for digs that do most for public education, enjoyment and participation. First prize will be £10,000, which would make an enormous difference to a dig budget.

Why Hepworth Iron? Because it makes earthenware drains, and earthenware lasts for centuries, as all archaeologists know. It is the ABC of our *dating. We do not know* the staying power of PVC, but Roman clay drains survive to this day.

Some digs still need volunteers, and nobody will mind if you ask. You may have to start on the shovel and barrow, but if all goes well you should advance quickly to mason's trowel, brush and rubber kneeler.

Be prepared for time in the tent as the rain comes down, and for few finds. (The main find on the first dig I went on, on the South Downs, was an unexploded mortar bomb.) Your local museum or archaeological or historical society should be able to suggest something nearby.

Here is a selection of digs around Britain that will be glad to see visitors. There may be a small charge, or a collecting box.

Remember to stand back from the edge of the trench, so that you do not wear it down, nor make things fall in.

Acton Court, Avon. English Heritage has two open days (July 26 and August 9, 11-5) for its excavation of this Tudor mansion, 3 miles west of Chipping Sodbury, just north of Iron Acton village on the B4059.

Castell Henllys, Pembroke. Turn north off the A487 Fishguard-Cardigan road between Newport and Eglwyswrw for an Iron Age hillfort and Romano-British farmstead. Digging till August 14 of a complete Iron Age round house next to one reconstructed.

Castle Douglas, Dumfries and Galloway. At Chapelcroft Farm an early Christian chapel, abandoned in the Reformation, is being cleared to find evidence of the 9th century Irish missionaries to Scotland and to check the archaeology against the historical accounts. Digging till August 8. Take the A711 from Dalbeattie through Palnackie; before Auchencairn, turn left for the farm.

For possible places on the dig, ask the director, Christopher Crowe. Messages may be left at Solwayside Guest House, Auchencairn.

Peterborough. The remarkable Bronze Age lake village at Flag Fen, *Fengate (on the east of* the city) will be open to the public from August 1 to October 31, 9-4 daily. One of the most exciting current digs because the fen in the upper Nene valley has preserved all the timbers of the waterlogged settlement. Tricky digging. Discoveries to date include a large platform for the settlement and a three-aisled building. Later, a Roman causeway crossed the site.

Coming from the south, cross the Town Bridge over the Nene. Right at the first roundabout (near Town Hall and Bishop's *Palace) and right at next mini-*roundabout. Continue for about a mile. Turn right into Forth Drove, which leads to site.

Raunds, Northamptonshire. Beside the splendid church in this large village off the A605 the Saxon and mediaeval manor of Burystead is being dug, complete with quarries and dovecote. Other digs nearby make up an intense investigation in the Midlands, further down the Nene valley.

Sutton Hoo, Suffolk. Work continues at the great Anglo-Saxon cemetery outside Woodbridge, where in summer 1939 the 30-metre burial ship of Raedwald, King of East Anglia (died 624/5) yielded a cornucopia of treasures, now in the British Museum. Two mounds under excavation, with good chance of another ship.

Visits on Saturdays and Sundays 2-4 till the end of September. Take the B1083 from Woodbridge towards Sutton Heath and Bawdsey. After three miles park at the picnic area beside a golf course. Then 15 minutes' hard work west by public footpath. Not for the infirm. (For special visits telephone 03943-7673.)

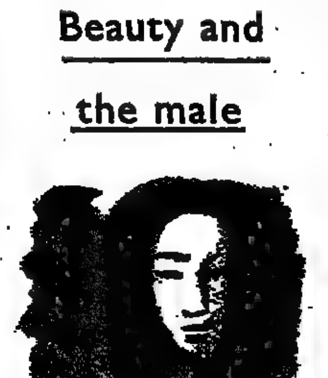
Whithorn, Dumfries and Galloway, is where St Ninian (c360-432) built Scotland's first recorded church in the (post-Roman) 5th century. The church was called Candida Casa (White House), probably because of the colour of its stones. Ninian's tomb became a place of pilgrimage, and a priory was built in the 12th century. All periods are being dug, from Ninian to the 16th century. Excavation till September 14, site open till October 31.

Winchester. A large excavation is examining the Roman, Saxon, mediaeval and later city at the Brooks (Middle Brook Street, near the cathedral). Finds to date have included five horse skeletons in the upper levels (18th/19th centuries), one with its head chopped off to make *it fit a small pit.* (Why were they buried inside the city?) Underneath, the diggers are looking for the house of John d'Tytyng, a mediaeval MP. A Roman hypocaust is appearing. Room for volunteers.

Gerald Cadogan

Turned off by pink faces

Beauty and the male



SOME TIME ago, Estée Lauder, the American-based cosmetic company, held a party at Bucks in London for the "hundred most handsome men" to mark the launch of a new line of male toiletries. Among those who qualified for the accolade were David Hicks, Roland Klein, Lord Montague of Beaulieu, and Evelyn Rothschild.

Male beauty is as subjective as the female variety—one woman's wimp is another's Superman. But stereotypes of both adorn the advertising displays of the cosmetic companies and also colour the pages of romantic fiction. "His eyes were as dark as pansies . . . his hands were beautiful, too, so brown and long-fingered . . ." writes Jilly Cooper in one of her novels.

Yet the real men of her stories, those who eventually win the heart of the heroine, are usually more unconventional in their looks and very few seem to have jobs in the City. One is described as having "battered features, a very sallow skin, dark heavy-lidded eyes that turned down at the corners, and a streaky blond mane, much in need of a cut."

Top of Jilly Cooper's list of essential male attributes comes height. Her heroes are all physically Mr Big. "My father was 6 ft 2 in and a rugger player and I love that broad-shouldered look tapering to slender hips," she says.

Most women, like most men talking about women, find it easier to describe what they DISLIKE rather than explain their ideals. For Jilly Cooper, no hero can possibly be pink. "Pink faces are very off-putting and so are very long sideboards and men who use hair-dryers," she explains. "Hair-dryers for men have to be the ultimate turn-off." Hilary Whitaker, commercial manager for Parfums Giorgio Armani, which markets a very successful men's line, is equally definite in her dislikes: "Scuffed shoes, saggy-bottomed trousers, egg-stained ties, dirty hands and nails."

For the really well-groomed, excellence of appearance lies in attention to detail. No amount of expensive aftershave will do the trick if dandruff dots the collar, perspiration stains the shirt, or halitosis hangs on the breath. The Listerine advertisement featuring George the dragon put the point most tastefully. Men who smoke, especially cigars and pipes, who drink regular amounts of alcohol, and who enjoy pub lunches of cheese and pickled onions are likely to be most at risk; if they do not gargle regularly, they become regular gargoyles.

Poor dental care is another cause of bad breath and, try though dentists might, the larger portion of the British public is still unpersuaded that it is a good idea to visit a dentist regularly or even to clean teeth daily. Toothbrushes should be changed every month but many households boast moth-eaten specimens worn to a frazzled stump which are given a brief tour of the gums only now and again. The result is stained teeth, unhealthy gums and, eventually, dentures.

Dirty fingernails are another "unmentionable" that can make a woman have second thoughts about a chap. "Men don't look after their hands," agrees John Smith, regional manager of Glemby International based in Selfridge's, Oxford Street, London. He suggests a French manicure in the store's men's shop which, at £5.50, would make an original and inexpensive Christmas present.

"We also offer eyelash *tinting* for fair-haired men (£5.50), an *eyebrow trim* for those with beetle brows that meet in the middle (£4), an electrolysis which costs £5.45 for 15 minutes although we don't advise it for the nostrils or ears as it's too painful," says Smith. He recommends regular use of a cleanser and scrub to remove blackheads and other complexion impurities.

However, in the search for what is physically "handsome," you can concentrate too hard on perfection. Personally, I'm in favour of the Jilly Cooper style of hero: I have an inherent British suspicion of the perfumed and the Pavonine. "Pavs" wear indiscreet aftershaves and gold bracelets and carry small leather handbags. Their shirts are rather tight and their suits slightly shiny. They drive Porsches, dine noisily and dance flamboyantly. They eat too much garlic and their fingernails are invariably nibbled to the quick. They are small, lean and hairy in all the wrong places.

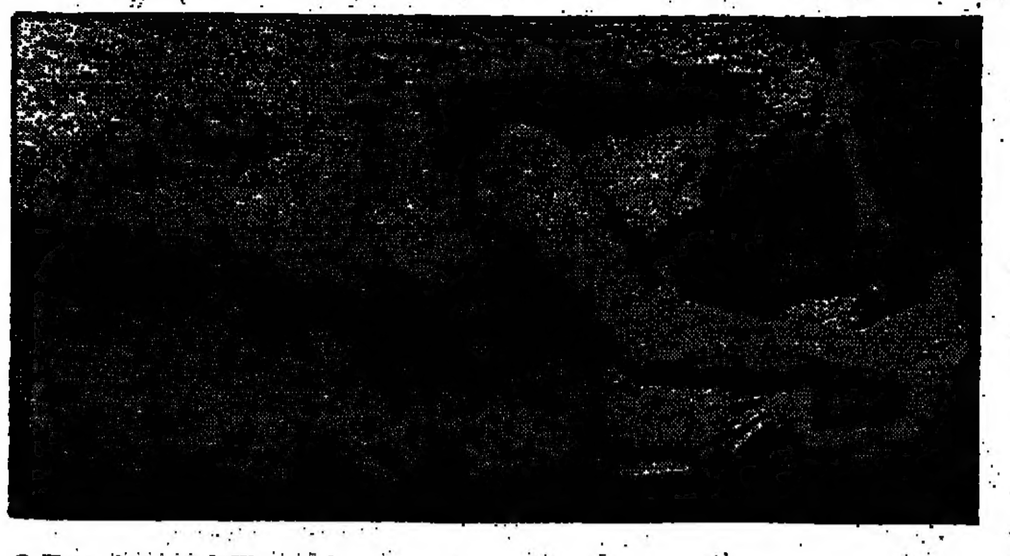
Give me instead the very big, very long man who lies sprawled in a chair with his basset hound (see *Imogen* by Jilly Cooper) and I'll buy him a new toothbrush and put up with the rest.

● This series is now concluded.

Nicky Smith

· DIVERSIONS ·

New ways to make waves at the seaside



ONCE, the ritual of "the tan" kept most people fully occupied when they hit the beach. All that re-arranging of limbs to make sure the less accessible parts caught the sun took time and patience.

Today "the tan" is out spoiled forever by the doom-laden messages coming from the medics and the beauty houses. The good news is that this leaves lots more time for other things. Holidays at the coast have changed from days of languid idleness to action-packed activity. Toys for the beach get more sophisticated daily. If you have had your fill of snorkelling and the beach ball has lost its sense of novelty, here are some alternative ways of having fun beside the seaside.

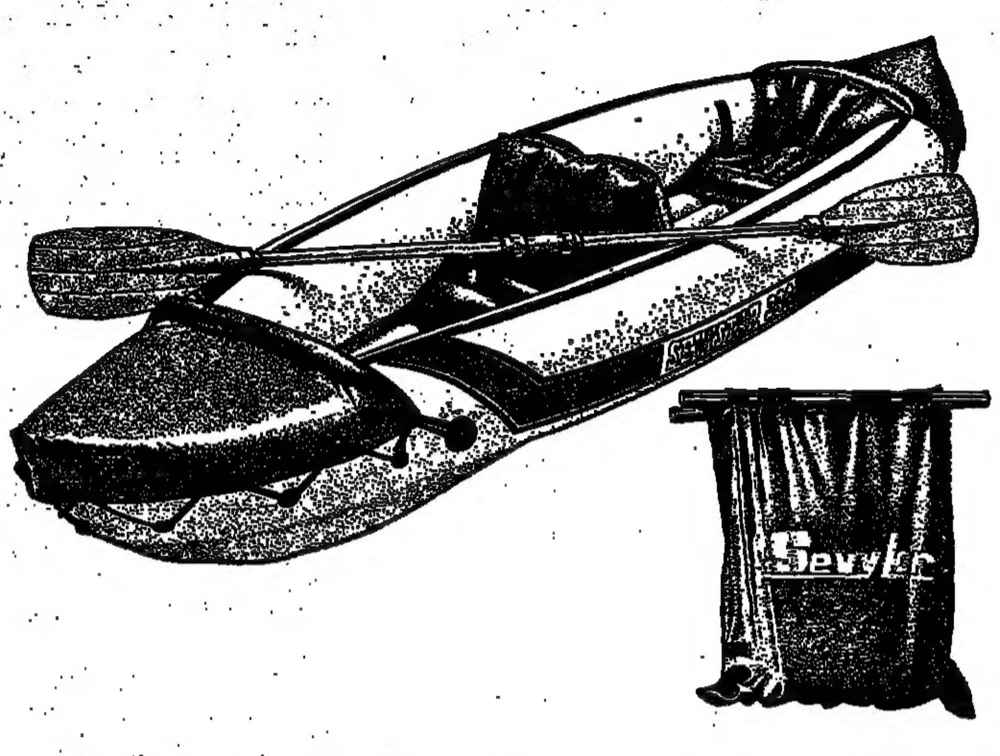
HOW TO SPEND IT

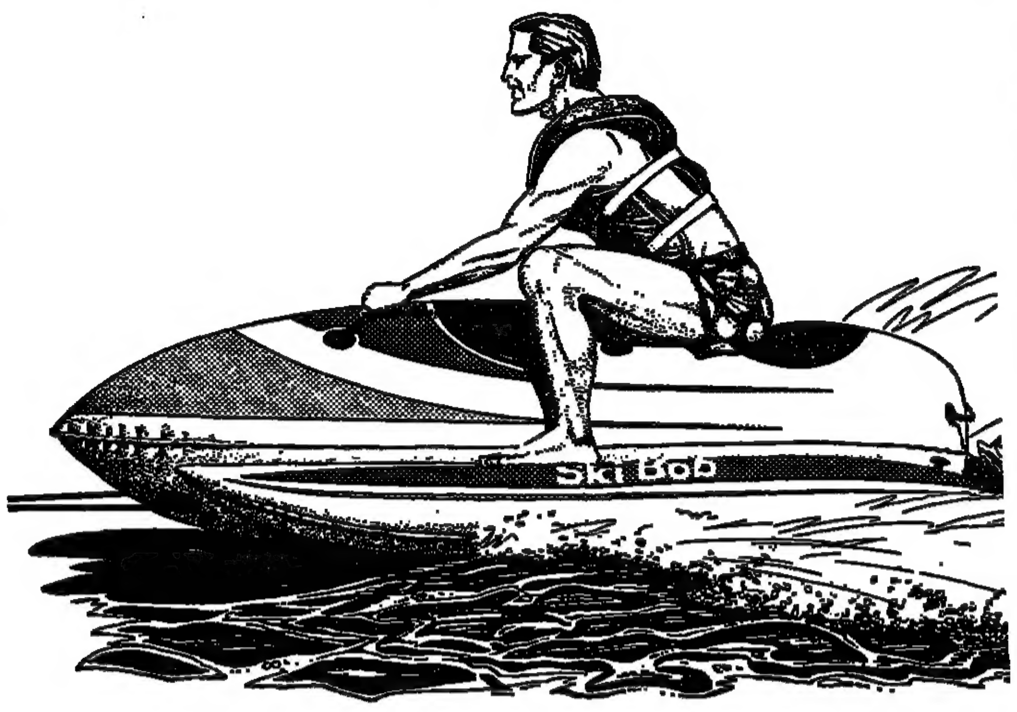
Lucia van der Post

● Have fun snorkelling and dodging about in the water with a powered Aquascooter. The idea came from an enterprising East German who fled his country by attaching a propellor to a Lambretta and scootering through the Baltic to a West German lighthouse. Today, the idea has been updated and modernised to provide lots of fun for those heading for water-based holidays.

It is very light, weighing about seven kilos, and can fit into a holdall which you could carry on to an aircraft and stow away under the seat. It is entirely safe as the propellor is so well-housed and protected that you would almost need a power-drill to get at it. But if children were using it I would keep an eye on them, simply because they might be tempted to go too far out to sea. It doesn't travel any faster than four knots, though, and runs on two-stroke fuel, a mixture of petrol and oil. A tankful should last about four hours. If you let go of it, don't worry—instead of disappearing over the horizon it will circle gently.

The Acquascooter sells for about £399 and can be found at good marine dealers such as Harrods and Lillywhites in central London and the Barnet Marine Centre, 8-9, Greenhill Parade, New Barnet, London. If you would like a local stockist you can write to the importers, Vereka Sports, Unit 18 Bookham Industrial Park, Church Road, Great Bookham, Surrey. (Tel. 0372 56501).





James Ferguson

● Ideal for paddling around gently in quiet waters—an inflatable canoe which packs down so small that it fits into its own easy-to-carry bag. The canoe itself is made from heavy-duty PVC and the 11 ft size (sketched here) is sold in an adventure kit, which means you get the bag and a paddle for £102. This does not, however, include a pump; and given that blowing up a canoe this size by mouth does not improve a restful holiday, I would suggest making sure you take one along (any good marine shop will sell you a foot pump for about £7). The canoe comes with a year-long guarantee and the 11 ft size should take two adults in comfort, allowing them some leg-room as well. If you would like to buy it by mail, the adventure kit sells for £113 (including carriage) from Chas Newens Marine, The Boat House, Embankment, Putney, London, SW15.

● For all those who never did learn how to stand up on water-skis but like the sensation of whizzing over the waves, there is now the Ski Bob (above). Tie it to a speedboat, hold on to the handles and sit tight. No balance needed. It is made from heavy-duty PVC and being inflatable is easy to pack (it goes down to a bundle just 20 in by 3 in by 12 in) and to carry. There is just one standard size which can take two riders at a time. It should never be towed at speeds greater than 20 mph but is relatively safe and stable, although I personally would not put any young children on it unless accompanied by an adult. It has the added attraction that in winter it can double as a toboggan. It costs £69 but that does not include a pump or carrying bag. Buy it by mail from Chas Newens Marine.

● Much the most expensive of our water toys is the Jetski. Tony Walker first saw it when on holiday in Barbados some six years ago and was so excited that he started his Jetski Centre entirely to enthuse about it and sell it. Most people learn to ride it in about half an hour and it is rather like a cross between bicycling and skiing.

The fastest of the standard machines goes up to 45 mph. They are quite light for their size, being made of fibreglass and weighing about 230lb and you could fit one into the back of a good-sized estate car. They run on petrol and are very manoeuvrable.

The propellor is very safely housed so anybody from a 10-year-old upwards who can cope with water could safely ride one. If you fall off, the motor slows down immediately and the Jetski starts circling. Normally, it comes back to the rider.

The best way to learn is to hire one from Jetski (for £10 you get wetsuit, lifejacket and half an hour's use of the ski) and take instruction at its lake at Cotswold Water Park near Cirencester. However, you can learn from instruction booklets—it will just take longer and you'll probably fall off more often to begin with.

The Jetski itself costs £2,000 and is available from the Jetski Centre, Lake 11, Spine Road, Cotswold Water Park, Nr Cirencester, Gloucestershire. (Tel 0285-861 345.)

Goats of many flavours

Food for Thought

WE HAVE lived with goats for thousands of years, but only now are they sweeping into our diet on a tide of healthy food thinking which tells us that goat's milk, yoghurt and cheese are almost certainly better for us and easier to digest than the cow's equivalent.

Goat cheese has of course always been popular in France. There are some areas particularly favoured as producers of "chevre" although they seem to have no geographical or climatic distinction which makes them so. Among the hundreds of names which may decorate an elaborate French cheeseboard, the goat cheese, whatever the provenance, type, shape, or flavour will be called simply "chevre."

I don't think anyone has succeeded in making a really English-style hard cheese from goat's milk, presumably because of its chemistry, the low fat content that makes it so alluring as a health food.

But the range of cheeses that can be made from goat's milk is surprising. The most common kind, which seems to be similar in taste and texture whether it comes from Ste-Maure de Touraine in a little log or from Olivet in a flat-topped pyramid coated with black powdered wood-ash, is very white and crumbly in texture, and tastes sharp and fresh and definitely goaty.

Like any other cheese, goat changes considerably as it matures, and there is a school of goat-cheese making that goes in for little pieces that when fresh are about the size and shape of a cork. Over the weeks they shrink and harden, and good cheesemongers, or good restaurants, serve you with a selection in varying states of ripeness.

They come speared on a short straw to be eaten like a lollipop. It is hard to believe that the mature versian, hard and strong, is a riper relative of the softer fresher younger ones. They abound in the blessed Lyon region, and in Provence.

Only a few years ago I had for the first time something called Camembert de Chèvre, which seemed a sort of miracle at the time but is now to be found in supermarkets in London. It is just like ordinary Norman Camembert to look at, but with that dead-white chalky look inside and that dryness of flavour that immediately says "goat."

Once in the Beaujolais I found myself watching a herd of about 15 goats systematically "working" a hedgegrow. Oblivious of the lush grass in the meadow, they stood on each other's shoulders to chew at the foliage of the hedge, chomping their way round the field. They were very beautiful, as if designed by Picasso—racy and neat.

But whey didn't they want the grass? It is true, is it not, that it is the goat that has reduced the Mediterranean region from the fertility the Greeks and Romans knew to the baked aridity of today, simply by eating everything in sight?

I hope all those farmers who are raising goats for the health food market know what they're doing, or the Welsh borders will soon look like Algeria or Crete.

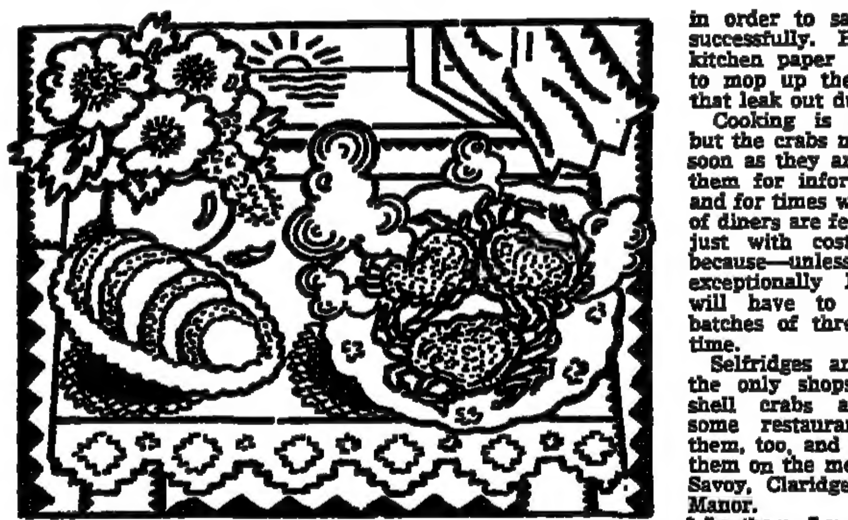
As if that wasn't enough, there is another problem for those raising goats for milk: what to do with the male offspring? I note that quite a few of the 24 farmers listed in "British Food Finds" as suppliers of goat cheese also figure in the fresh meat section, and there is quite a lot of kid in the shops nowadays, mainly in Cypriot areas of London.

I have never to my knowledge eaten mature goat. But kid, stewed in a goulashey manner with onion, wine and tomatoes, is very good eating — with something of the gelatinous quality of veal.

Peter Fort

Cookery

Making a meal of crabs



Anne Morrow

THE COMMON crab familiar to Britons is at its delicious best around now—a salty-sweet treat which, happily, costs little more than £1 a pound. I look forward to it each summer: dressed simply, in salads, soups, gratins, devilled and the rest.

The American speciality known as soft-shell crab is very different and quite unlike the British native crab in texture, taste—and price.

Soft-shell crab is, in fact, the blue crab in its naked state: in other words, shortly after moulting when it is just out of its hard shell and so soft you can eat the whole thing, legs, claws and all. Addicts can't get enough of it.

No longer need expatriate Americans pine or British enthusiasts make the trans-atlantic pilgrimage. A London wholesaler, Leathams Larder*, is now importing soft-shell crabs from the US.

They come in various sizes, categorised as only the Americans can do it. The smallest are called "mediums" followed by "hotels," then "primes," then "jumbos," and finally "whales," which are more than five inches across but are not available in the UK.

Frozen "mediums" retail at about £1.05 and frozen "jumbos" at about £1.95 each. Fresh, when available, cost 30-40 per cent more. You need two "jumbos" (many Americans would insist on three) per person for a main course. I asked to sample some and a parcel of semi-frozen "jumbos" duly arrived, complete with instructions not to microwave them.

For instructions on how to cook them, I turned to a classic American cook book—the Joy of Cooking by Irma and Marion Rombauer (Dent). I simply dusted the crabs with very well-seasoned flour and sautéd them, using clarified butter as Leathams and my cookbook advise, and found that 2½-3 minutes on each side was plenty.

I served them on a scant bed of lettuce; scattered them with a few snipped chives, plus some mint and parsley; and dressed them with the pan juices swirled out with an extra knob of butter and some freshly squeezed lime juice. This showed off well the distinctive soft texture and sweet taste of the crabs—they really are *much* softer and sweeter than any other shellfish I have eaten before.

Served simply with good crusty bread on the side, they made a very agreeable meal and a pleasant change from our own native crab. I confess, however, that if asked to make a desert island choice, I would have no hesitation in opting for the latter.

My modified rapture could have something to do with the fact that the crabs were frozen. The difference between fresh and frozen is very marked indeed where other shellfish are concerned (frozen being little more than a pale shadow of the real thing) so there is every reason to suppose that fresh soft-shell crabs are deliciously superior, too.

A few other small points worth noting. The crabs are sold ready-cleaned (minus inedible gills, apron, eyes and mouth) and they are neatly, individually packaged. Like all frozen foods, they should be cooked quickly after thawing and they must be perfectly dry in order to sauté or deep-fry successfully. Have plenty of kitchen paper towels on hand to mop up the copious juices that leak out during defrosting.

Cooking is blissfully quick but the crabs must be eaten as soon as they are done, so save them for informal occasions—and for times when the number of diners are few. I say this not just with cost in mind but because—unless you have an exceptionally large pan—you will have to cook them in batches of three or four at a time.

Selfridges and Harrods are the only shops stocking soft-shell crabs at present but some restaurants are taking them, too, and you should find them on the menus of the Ritz, Savoy, Claridges and Cliveden Manor.

* Leathams Larder Ltd., 1 Bethwin Road, Camberwell, London SE1 0YJ. Tel: 01-703-7031.

Philippa Davenport

Robert Blake discusses the British who travelled to the Mediterranean long before it was invaded by the masses

A strange love affair

THE MEDITERRANEAN PASSION: VICTORIANS AND EDWARDIANS IN THE SOUTH
by John Pemble. Clarendon Press. £27.50. 312 pages.

JOHN PEMBLE has written a fascinating account of the British travellers to the South of Europe, the Near East and North Africa. It was a strange love affair which under varying forms continues till today. The great differences between the Victorian and Edwardian travellers compared with their modern counterparts was that they belonged essentially to "the superior classes" as the author puts it. The proletarian hordes who eat fish and chips and risk skin cancer while acquiring a lobster hue on the Costa Brava had not yet emerged. The only working-class persons who penetrated to the Mediterranean were servants, soldiers or sailors. But the middle and upper reaches of society "were always going abroad. Their lives were a constant bustle of arrival and departure." George Eliot observed in 1869: "The only remarkable thing people can tell of their doings these days is that they have stayed at home."

The other notable contrast with modern times was that Victorian and Edwardian visitors had the good sense to avoid the Mediterranean in the summer. My grandparents before and even after the Great War went regularly for six weeks to the Riviera in January and February. They would not have dreamed of enduring the scorching heat of May to September. It was a time when in Mr Pemble's words: "Boulevards and promenades stretched desolate and dusty in the sun; villas were shuttered, boarding houses were closed; first class railway carriages were all but empty; and the monuments of antiquity enjoyed a sabbath seclusion." As for the many expatriates who settled in the Mediterranean lands, especially in Italy, they took care to depart in the summer months to Switzerland or the Rhine. Rome, Florence and Naples emptied. Algiers and Cairo were deserted.

The Victorian love of travelling was the more surprising since the actual process was extremely uncomfortable. It was not until the mid 1850s that the railroad reached Marseilles and the 1870s that one could take a train direct to Rome. Sea crossings from Southampton were a regular feature from 1830, but boats were chronically overcrowded. Dickens on the steamer from Genoa to Naples told a correspondent: "The scene on board beggars description. Ladies on the tables, gentlemen under the tables; bedroom appliances not usually beheld in public airing themselves in positions where soup tureens had been lately developing themselves; and ladies and gentlemen lying indiscriminately on the open decks arranged like spoons on a sideboard."

Land travel was very slow. It could be reasonably comfortable for those who could afford their own carriages or hire a *vettura* and stay at country inns during the three or four week journey to Rome. But those who relied on public transport had to endure the horrors of the "diligence"—a vehicle of up to five tons with the dimensions of a loaded hay waggon which jolted and bumped its way at walking speed carrying 15 to 30 passengers—"locomotive prisons," as one writer called them.

Until the 1860s, western Italy was by far the most popular destination, but by 1869 it could be claimed that the Riviera had outstripped it. In the middle decades of the century the social life of Florence and Rome was dominated by the English and the Americans. Lord Shaftesbury in 1833 reckoned that one-fifth of his time went in leaving cards and making calls. The Via Condotti was known as the *ghetto Inglese*. There were journals called the *Tuscan Athenaeum* and the *Roman Herald*.

Then a similar social domination sprang up on the Riviera. English and Scottish churches were built, and a host of hotels were given names — Victoria, Windsor, Balmoral, Prince of Wales—to attract British visitors. Egypt was the only country that rivalled the South of France and western Italy, especially after the British occupation in 1882. Greece, Spain and Palestine were far behind. The young Disraeli in 1830-31 was unusual in visiting all three but he was copying *Childe Harold's Pilgrimage*, and Byron's itinerary had been conditioned by the Napoleonic wars which barred France and Italy to English travellers.

Motives for travel then as always were varied. There was pilgrimage which applied especially to the minority who visited Palestine. There was culture for those imbued, as most of them were, with a classical education. Although Greece was not much visited some of the greatest Greek temples are in Italy, and of course Roman antiquities abounded. Health was another reason. A Mediterranean climate was believed to be particularly good for that great scourge of England—tuberculosis. Then there were what the author calls "hidden motives" — the claustrophobia caused by a smog and fog-bound island, the desire to escape convention, love of gambling, sexual tolerance especially for homosexuals like J. A. Simmonds, Norman Douglas and Lord Ronald Gower. It is often said that economy was a motive. If so it was misplaced for Italy was by no means cheap.

There are many other sides to the Victorian and Edwardian experience which the author analyses with perception and sympathy. It is interesting that even then sensitive travellers felt that visitors were themselves causing changes which would soon frustrate the very object of their visits. This made them turn with bitter hostility on the growth of tourism. How infinitely worse it would all seem to them today! Mr Pemble has written a scholarly and thoughtful book which raises, and partly answers, many intriguing questions. It is a book that any visitor to those countries should take for bedside reading.

Poetry in motion


Seamus Heaney

THERE ARE some very good holiday companions in this summer's poetry collections, but the best is Seamus Heaney's The Haw Lantern (Faber, £3.95). One or two of the poems are rather rich and I do not go for phrases like "hale sapwood": the title piece even suggests how the haws in a winter hedgerow seem to scrutinise the sins of their passers-by. However, there is a fine poem on the Alphabet, a memorial to Heaney's mother (tidiness, polish, scones and so forth) and an effective sequence of poems from outposts of the human personality (one from the Canton of Expectation and another, a very good one, from the Republic of Conscience). Heaney's style is certainly not narrowing with age.

Fiona Pitt-Keighley's has yet to broaden. Her first collection was explicit about sex; her second, Private Parts (Chatto, £4.95) is much the same, and no less explicit. She has earned herself a public, but I cannot see she has yet written anything especially poetic. Quite a few of the poems in Private Parts revolted me, and I do not think that her public is reading her for literary merit.

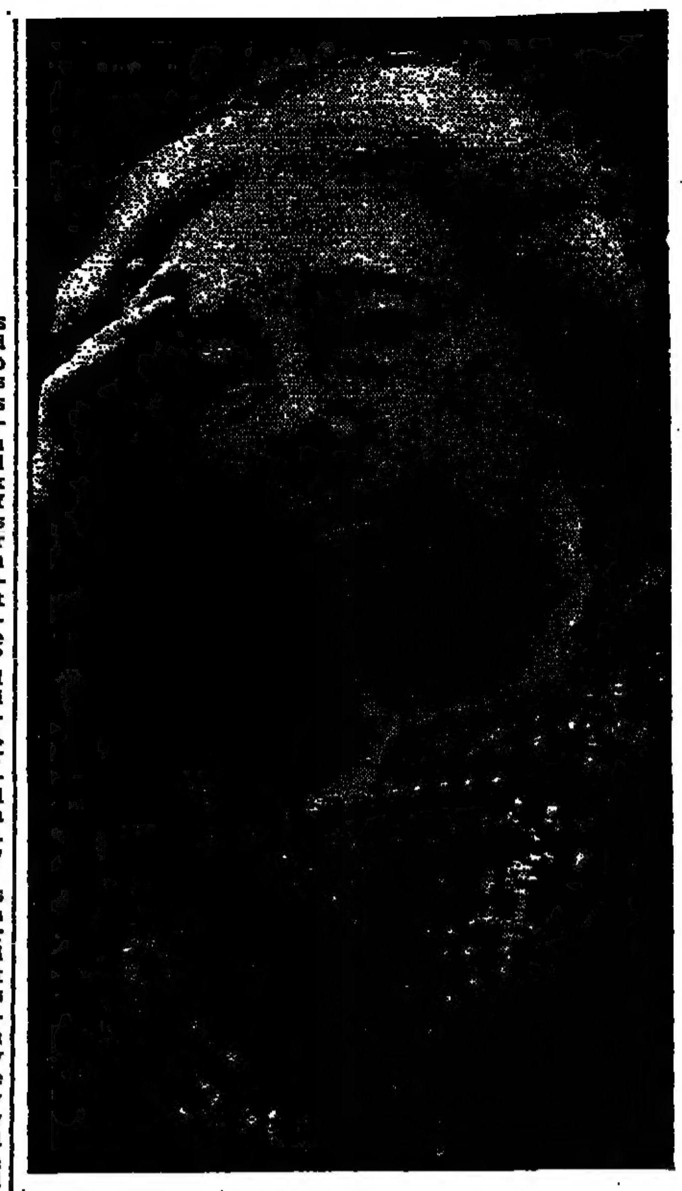
James Fenton and John Fuller are poets who do command a wide literary public. Fuller was Fenton's early mentor and it was through his encouragement that the lighter sides of Auden and Byron took a prominent place in the young Fenton's style. Partingtime Hall (Viking: £7.50) is the child of this marriage of talents. The title piece is a rattling ballad of private schooling, seduction and some black humour at the expense of the rich. "Chauffeurs are waiting, the mothers are weeping. The gravel is deep on the drive to the gate . . ." It is a good, bouncy read, and, like the rest of the volume, it is conspicuous for its clever rhymes and refrains. However, even this hardened old atheist finds poems about the sex-habits of Mother Superiors and the foibles of English Catholics to be adolescent. This mixture of black comedy and boyish flippancy stops me from agreeing that "Fuller and Fenton belong in the front rank of our funny poets." They belong most honourably in other vanguards, marching to another mode.

Vernon Scannell, undoubteldy, has earned a place among witty poets. He is now 65, but his new collection, Funeral Games (Robson Books; £6.95) shows his talents at their best. As religious black-comedy, I much prefer his Sentences (about the misdeeds of one Jesus under military sentence). He can also be sad (poems for the dead), he can appreciate familiar tastes and sounds (he is especially good here on apples) and he plays well on the changing phases of life (love, old age, and a sequence of poems in honour of past sweethearts). In the past, Vernon Scannell was a professional boxer. His poems do not aim for a blunt knock-out punch, but they continue to show an enviable range and artistry.

I found Alan Brownjohn's poems, The Old Flea-Pit (Century Hutchinson; £5.95), more elusive, but I will be reading them again. Probably, the tacit references to cinema-scenes and remembered moments on film have escaped my recognition. There are some very good bits among them: I like the lady for whom "This was her talent, to stir both lust and doubt,/She did it best of all feats she was able/And therefore other women felt sure she bored/The men she attracted . . ." You may be able to pin the scenes which he evokes to particular "flea-pit" moments, where I suspect the majority originate.

By contrast, one of Laurence Lerner's fields of reference is painting. Unlike Brownjohn, he helps us by individual titles to each poem: Rembrandt, Breughel, and Piranesi explain themselves in Lerner's monologues. These poems make an unusual contrast to the sequence of personal pieces with which he begins Rembrandt's Mirror (Secker; £5.95). For my money, they are the most effective of the various biographical sequences in any of these books. Now a teacher in Tennessee, Lerner, formerly of Sussex University, continues to reflect on the point of life, work, and learning. His new collection is worth a patient reading, a notable addition to the body of poetry written by authors who are also literary critics.

Robin Lane Fox


Lady Gregory

Chatelaine of Coole

LADY GREGORY FIFTY YEARS AFTER
edited by Ann Saddlemeyer and Colin Smythe. £27.50. 464 pages

"SHE SHALL be remembered forever" was chosen as the epitaph for Lady Gregory, who died in 1932 at the age of 80. Self-effacing in life, a similar obscurity threatened to follow her beyond the grave. Until quite recently she was remembered as a dowdy figure in black, the friend and patron of W. B. Yeats, and, in the irreverent words of George Bernard Shaw, "the charwoman of the Abbey."

Lady Gregory is described by the editors of this substantial volume of essays and memoirs as "playwright, folklorist, essayist, poet, translator, editor, theatre administrator and nationalist." A somewhat disappointing biography appeared in 1985; the achievements of such a long and varied life are better served by the attention of specialists.

Augusta Persse was 27 when she married Sir William Gregory, 34 years her senior, owner of a neighbouring estate in Galway and recently retired as Governor General of Ceylon. Her only infidelity was a short affair with Wilfrid Scawen Blunt, which is sympathetically described here by his biographer, Elizabeth Longford.

Blunt judged Augusta to be a better poet than Yeats; she was:

> the real inspirer of the Irish literary movement having created Yeats out of nothing . . . [she is] the only woman I know of real intellectual power equal to men and that without having anything unnaturally masculine about her.

He wrote that many years after their first meeting. Augusta survived Sir William by 40 years, and it was not until after his death that she emerged as a strong character in her own right.

No one today would agree with Blunt's estimate of her verse: her drama is another matter. Shaw thought that her allegorical comedies were the equal of Moliere. She wrote her first play in 1902, the year of her son's majority, and was to write some three dozen more. Her own compositions were augmented by translations from the Gaelic of Raftery and Douglas Hyde, the French of Maeterlinck, Moliere and Daudet, the Italian of Goldini and d'Annunzio, in addition to Pearse's Mise Eire and Hermann Sudermann. The distinguished academics here assembled (Canadian, American, English and Irish) are unanimous in acclaiming her technical virtuosity and deft use of dialogue. Perhaps the reason that the plays are seldom produced these days is their unfashionable length: she excelled at one-act plays.

A major omission in an otherwise well-produced collection is a consideration of Lady Gregory as a folklorist, an area in which she made an important contribution to Ireland's heritage. However, the section entitled "Fragments of Memory" cumulatively presents a lively and engaging portrait of the chatelaine of Coole and her distinguished guests—Shaw, Douglas Hyde, Edward Martyn, John Quinn, Synge, Yeats and an uncomfortable Sean O'Casey—as viewed by their contemporaries.

Towards the end of her life Lady Gregory continued to write, in spite of sufferings from cancer and rheumatism, in order to dedicate the royalties to the upkeep of Coole Park and its preservation for her grandchildren. Her efforts, like those of Elizabeth Bowen to preserve Bowen's Court, failed. Coole Park was sold in 1927 and torn down in 1941. Now only the gardens remain.

Alannah Hopkin

How to become an adult

THE WAY OF THE WORLD
by Franco Moretti. Verso £24.95 256 pages

THE GERMANS have a word for it, and only they—and only since 1870. A Bildungsroman is a novel about the formation of a young person who, like David Copperfield, grows out of innocence into experience, out of childhood into a capacity for life. In this new study of the form, Professor Moretti of Verona has attempted its history several years after more thoughtful and learned studies by Martin Swales and Michael Beddow, and he takes us from Goethe through Jane Austen and Stendhal to George Eliot, Balzac and Flaubert.

The epic hero was an adult. It was an innovation of the Enlightenment two centuries ago to thrust youth, even childhood, into the centre-stage of fiction, and to see in the making of a hero or heroine a theme greater than heroism itself. Moretti ignores instances of the Bildungsroman before Goethe's Wilhelm Meister, though the form was by then some 30 years old, and his grasp of the term is remarkably loose and wide. Austen gets in—surely very oddly, as her heroines tend to learn only a single truth, and that a familiar one, before they settle into married life. Formation, by contrast, usually implies a slow exploration of complex truths through which maturity is achieved successively and in stages. Copperfield behaves rather like that; Meredith, who is unmentioned here, is a more convincing exponent of the form than Dickens ever was, since he lays a stronger emphasis on the interior life; and James Joyce's Portrait of the Artist, which has good claims to be called a late classic of the species in English, is not considered at all.

The style of the book is creditable. But written and published, as it is, within the bosom of what was once confidently known as the New Left, it indulges after a theoretical introduction in vast italicised abstractions like socialisation and interiority, and altogether it looks more as if it had been translated out of 19th century German than 20th century Italian. Needless to say, revolution is always assumed the supreme instrument of social change, since the notion that a revolution might be conservative, like the Iranian, has always lain far outside the imagination of the Marxist mind. The hand of faith lies heavy on the book, and reminds one that professional critics are sometimes less critical than ordinary men.

Theorists like Foucault and Lukacs are always supposed to have "shown" something to be the case, never merely tried to do so; and the book ends in brisk totalitarian fashion with the concept of individualism "shown" to be a mere bourgeois illusion dismantled by "the new psychology"—the kind familiar to our grandparents, that is—as well as by Victorian-style sociology and by "ideology after ideology" that has shown the individual to be no more than a cog in a machine.

One wonders if the author has read any recent fiction, which nowadays reads far more like Dickens than Brecht. Not much, probably: in fact he complains that the English Bildungsroman leaves him with an empty stomach. He may not be in the best position to judge it if he has not noticed Joyce's Portrait or the plenitude of recent novels about rising young men and women.

It would certainly be news to yuppies to hear they are not individuals but mere parts of a social whole and incapable of learning maturity through experience. Tell that to the City of London. But then Marxism is a dogma with little to say to the 1980s, its prophecies confounded by events themselves—no class war, no collapse of capitalism—and the book illustrates its decline in the credulity of its assumptions and convenient selection of evidence. And most of all in its style, which bespeaks a rhetoric once fashionable and now too tired to stand or even to limp.

George Watson

Geoffrey Moore reviews Robert Lowell's legacy

Life as art, art as life

COLLECTED PROSE: ROBERT LOWELL
Edited and introduced by Robert Giroux.
Faber and Faber £17.50, 377 pages

HAD HE lived, Robert Lowell would have been 70 this year—still, undoubtedly, the best poet of his generation, a world away from the flower-children of the 1960s.

His initiation into the backbiting, gossipy world of poetry was in the 1940s, when he published Lord Weary's Castle and Poems, 1938-49. He was the Puritan Catholic convert, master of the convoluted style, the fish-hook agony of The Quaker Graveyard in Nantucket. Only an acute ear and a ruthless talent for survival surfed this patrician classicist into the Beat and Black Mountain era. It was Life Studies that did it, spectacularly inaugurating what the critic M. L. Rosenthal labelled the "confessional" style in poetry.

Although he modified this manner of writing in For the Union Dead, his poetry continued to be more of a diary than anything else, a poetic journal which continued through For Lizzie and Harriet and History to Day by Day which he had just published when he died in 1977.

And that's just it; his life was his art and his art was his life. Nothing else mattered. It is this which makes the difference between the present book "by" Lowell and the previous ones. This one was put together by someone else—his faithful editor at Farrar, Straus and Giroux. It's a moot point as to whether Lowell himself would have approved, since he admitted freely that unlike his idol T. S. Eliot, and his friends and rivals John Berryman and Randall Jarrell, he had no genius for criticism.

A skilful editor, Robert Giroux has made the most of the material available, which ranges from a schoolboy essay on the Iliad to what seems to be a sketchy and amateurish attempt to emulate D. H. Lawrence and William Carlos Williams in their studies of the New England psyche.

Giroux has made the mistake of assuming that because these pieces, plus two interviews, were written by an important and fascinating poet they themselves would assume importance and fascination.

Not a bit of it. Apart from the interviews—the one from the Paris Review with Frederick Seidel and another with Ian Hamilton—they throw little light on the verse they deal with and serve only to show what a second-rate thinker the great man was.

Nevertheless, it's good to have some things: the superbly written 91 Revere Street which Faber and Faber infuriatingly excised from the original edition of Life Studies, the self-important letter which Lowell wrote to President Roosevelt in 1943, rejecting military service, and the equally pompous communication which he despatched to President Johnson turning down an invitation to attend a White House Festival of the Arts.

This rather sad book brings us in some ways nearer to Lowell the man than Lowell the poet and—as Ian Hamilton's masterly biography showed—these are very different kettles of fish. If, therefore, you are interested in poets' personalities as well as in their art The Collected Prose of Robert Lowell will add to your store of information.

Fiction

Inner rhythms

THE GOLDEN BIRD: Two Orkney Stories
By George Mackay Brown.
John Murray, £10.95. 226 pages

THE UPPER HAND
By Stuart Hood.
Carcanet, £10.95. 186 pages

HOLY MOTHER
By Gabrielle Donnelly.
Gollancz, £10.95. 252 pages

RESTLESS (like D. H. Lawrence, say) does not necessarily mean rootless. But some writers (like Emily Bronte, say) are so strongly rooted in a single place they cannot envisage another: their imaginative life is there, not elsewhere, and the place's feeling and atmosphere are distilled into their writing.

George Mackay Brown is such a one, born in Orkney, still living in Orkney, writing in Orkney. Yet in no way is he bugged by the two bugbears of many local enthusiasts — feyness and solemnity. He knows the inner rhythms of his place, and its humour is a part of its fantasy.

It isn't just crofters and fishermen who people the stories. Outsiders sometimes arrive, and fishermen sail off, as seamen, around the world. An eagle whisks a baby up to its nest, though the schoolmaster the infant grows into refuses to believe it. When peat is dug, a prehistoric skeleton is unearthed, with its grave offerings intact. Love blossoms overnight between a Gaelic-speaking girl and an Orkneyman she cannot talk to: their daughter is born deaf and dumb. Hatreds fester, quarrels may last a lifetime: all is not sweet in the wind and spray. But the rational and the marvellous co-exist, since George Mackay Brown is a poet, from whom one therefore can expect, in his fiction, the discipline of poetry and the stuff of dreams.

In another way, Stuart Hood also has the gift of concentration. Being a citizen of the modern world, though, and therefore mobile, he doesn't turn a burning-glass on to a particular place, but does fit a great deal into few words. The Upper Hand, a short novel, covers the whole recent political dilemma of leftwingers out on a limb when politics has disillusioned them: potentially, the Blunts and Burgesses. It is also a study in class, the title being taken from Noël Coward.

And, as well, it is a kind of love story — at least the study of an obsession. It is not just the narrator who is fascinated by the charm, beauty and social ease of Colin Elphinstone, but everyone else. Today, such a man has an audience ready made — on television. Colin becomes a star — a familiar presence, at once remote and intimately familiar.

From boyhood lower-middle-class with John Melville has watched him and to some extent run parallel with him. Both, at university, become communists, both feel passionately about Spain, fascism and the other thirties villainies. But where does it lead? Does Colin remain a mole for the rest of his life? After his memorial service, attended by the great and good and many of the broken hearts he left behind him, John wonders: Did he jump or was he pushed?

The fascinating Colin is fascinatingly drawn—not an individual so much as a symbol. Of what? Of the social system, mainly, its unfairness, its partisan loyalties, its maddening yet undeniable glamour.

But nothing, as in all good stories about intelligence, is made quite clear and unequivocal; teasing doubts remain. This well-constructed, passionate story of loyalty and (more or less) of love reads like something very personal, the narrator's tale of his own feelings of inadequacy and of the unfair, effortless superiority, even today, of those born with "the upper hand."

Holy Mother, a first novel, is classless by comparison, but also about a single milieu, a tight community: English Roman Catholics today. Most Catholic novels are far out of date: things have changed so much since the Second Vatican Council in the sixties that tales of hell-fire convents are now ancient history. This story of a group of young Catholics in London is very much in today's mood. Ecumenism matters; the ghetto has been abandoned; the outward pieties have long been kicked aside. Yet the sense of a closed world persists, and the only person who fully understands this is Daniel, the young Jew with whom Maureen, the central figure, thinks she can at last find love.

Every Friday evening a group meets for discussion and fun: idylically happy Anne and Stephen, newly married, mousy Kate, in love with Denis, the joker, everyone's favourite but no-one's close friend, Fr Bob, a priest in the modern mould, and Maureen, rebellious but hooked. Mostly of Irish descent, with aunts and grandmothers who still send them shamrock on St Patrick's day, they are a fairly class-less bunch of young professionals.

Maureen the good sort, passionate, moody, often ill-tempered and generally intolerable, is an odd but very credible heroine. The rest are less interesting and Geoffrey, the only Englishman, is drawn with such silliness one wonders if Gabrielle Donnelly (though London born) has ever met either an Englishman or a convert. Never mind: it is a raucously promising debut, full of intensity and high jinks, humour, warmth, crossness, crudity, about the cultural even more than the religious embrace of a Church both passionately loved and as passionately re-

Isabel Quigly

A classic volume on Handel has been published and a leading US opera company is including him in its repertoire

Monument created

Handel's Operas 1704-1726. By Winton Dean and John Merrill Knapp. Clarendon Press (OUP), £55.00. 751 pages

THIS magnificent book has figured high among the most keenly and impatiently awaited volumes on music for many a long year. Now it is out at last; and the first thing to be said of it is that, even though Winton Dean and John Merrill Knapp have arrived only half way through their survey of the Handel operas, the foundations for one of the monuments of musical scholarship of our day (or any other) are already firmly in place.

Dean's 1959 Handel's *Dramatic Oratorios and Masques* has long been accorded that classic status. The first volume of the opera book evidently took its collaborators more than 20 years to finish; one hopes that for volume 2 a less protracted production period will be needed, since any long delay in having the completed picture of Handel as one of European theatre's mightiest creators is almost too frustrating to contemplate.

The day is, of course, long past when anyone might feel easy in expresssing an open doubt about whether the subject of the Handel operas was worth two volumes; the contention of the book anounced in the very first sentence — "that Handel ranks with Monteverdi, Mozart, and Verdi among the supreme masters of opera" — is no longer likely to be dismissed (out loud, anyway) as the view of a crackpot or a zealot. Nevertheless, there probably are people who remain to be fully convinced. The £55 OUP price tag will surely work the trick — it's a huge sum, but in musical spheres there are few better ways of spending it.

In the background of the book stands an almost unparalleled act of self-criticism by Winton Dean (clearly the senior partner in the collaboration). In 1959, in the oratorio study, he could write of the Handel operas: "The total impression made by (them) is one of frustrated genius. However heroic his attempt to transcend the convention, it was—given the circumstances of his period and his character—bound to end in failure."

In 1969 the printing of the Dean set of Ernest Bloch lectures under the title *Handel and the Opera Seria* formed the first important step in the direction of recantation. Now the 1959 view has been rebutted, point by point, with an intellectual authority and rigour that will sweep the general reader past all the finely assembled and compiled Handelian minutiae (the book is a mine of information about scores, editions and librettos, of scholarly lists, tables, and appendices) and hold him absorbed on the rich fascination of the subject. The view of it is at once panoramic and closely focused. The progress of the career is charted with an absolute command of period and convention.

This is not to say that the authors now lightly dismiss the entrenched difficulties and constraints of the *opera seria* form as Handel was receiving and developing in the period under examination. In the first two chapters, "Handel as Opera Composer" and "Performance Practice," they describe the basics in a way to make the reader appreciate as never before exactly why these were "the most rebarbative set of conventions ever imposed on the art of opera," and why it is possible, even proper, to write of Handel's "all but superhuman strength" in making those conventions theatrically malleable beyond their inherent capacity.

The stages in which that strength was gathered—in Hamburg, Italy, and finally London—are detailed with awesomely all-inclusive scholarly exactitude. Of the Hamburg Goosemarket Opera, for which Handel's first operatic attempts were undertaken, and of the London operatic scene as he found it on arrival, there are compact studies of quite staggering clarity and depth. The general chapters can almost be read as separate subject-monographs, yet their point is to place exactly the various artistic influences and pressures on Handel, and also the various national customs and conflicts into which he was to be plunged.

The main body of the book, however, is taken up with the discussion of the first 17 operas, *Almira to Scipione*, laid out in chronological order. Plots are told (with original stage directions clearly indicated); the arias and the characters who sing them are examined; the complexities of different versions are elucidated. To use any single chapter for the purpose of performance companion—as I did in connection with a recent visit to the Paris Opera *Giulio Cesare*—is to be informed, stimulated, inspired. And also, on occasion, amused: what one particularly recognises as the Dean acerbity of tone can be enjoyed in the savaging of untrustworthy Handel editors past and present: of Humphrey Procter-Gregg's performance suggestions on *Giulio Cesare*, for instance, "It would be difficult to imagine a more lethal concentration of historical inaccuracy, wilful misrepresentation, and Philistine insensitivity."

It is in the matter of 20th century stage revivals—not the old "re-order-the-numbers-and-lower - the - pitch - of - the castrato - roles" kind, now generally discredited, but such recent, musically accurate but theatrically interventionist stagings as the Welsh National *Tamerlano* (which, according to Dean and Knapp, "misconceived the entire nature of the work")—that the book may arouse strongest feelings. The authors are high-ground conservatives; they insist that, by not following to the letter the requirements of period stage practice and convention, *modern products limit the range* of the operas.

As one who has enjoyed both faithful period-style and imaginatively unfaithful "modern" Handel productions, so long as the feeling for the vital core of the work could be sensed in them, I respect the authors' severity while secretly wondering whether Handel himself—that robust, practical, zestful man of the theatre—would always have sympathised with it.

Max Loppert

George Frederick Handel

Spirit of St Louis

THE Opera Theatre of St Louis — artistic director Colin Graham, music director John Nelson, general director Charles MacKay — goes from strength to strength. This year's new opera was the American premiere of Stephen Oliver's *Beauty and the Beast*, first heard in Batignano three years ago. It's a delicate, imaginative score and was a great success with the public. Victoria Livengood, a new mezzo, was pure and touching in one of the title roles, John Brandstetter poignant in the other. Graham's production was poetic. Hal France conducted an adept instrumental ensemble.

It was a season for mezzos. In Alcina—St Louis's first Handel—the Ruggiero of Alice Baker was outstanding. Her timbre was beautiful, her delivery fearless and honest. Her glowing stage presence and vocal presence recalled another Baker. Stephen Wadsworth's production was intense but tiresome — no magic, but instead a recourse to donning and doffing garments in just about every aria, and a reluctance to leave anyone alone onstage. He didn't trust the piece. Bradamante usurped a phrase of Ruggiero's lovely "Verdi prati." Nelson took the fast arias so fast that they became hurdle races, unbreathed, unshaped.

In *Carmen* — Graham's first production of the opera—Emily Golden was a delightful heroine who brought the music and the character of life with teasing, flickering inflexions, flashes of anger, and phrases of seductive smoothness. She didn't oversing. But the José, the *Micaëla*, and the Escamillo (Peter Puzzo, who has done the part for Peter Brook; Kallen Esperian, a Pavarotti prizewinner; and Lee Velta, so promising before) all pushed their voices.

Graham's production was straight (though cleverly matched to the unconventional theatre) and vivid. John Conklin's décor was simple and striking. Richard Buckley's conducting was unsettled. Delicately precise Act 1 choruses were an especial pleasure, and so "extra" chorus music (from the Oeser edition) was welcome.

Cenerentola had another excellent new mezzo, Stella Zambalis, whose portrayal was lit by sparks of mischief, from the moment when she teased her sister with the opening song. Her voice was fleet, pure, unstrained, and colourful. Ramiro was Richard Croft, one of the *American tenors who give* keenest pleasure — his tones fresh and unforced, his phrasing buoyant, his words distinct. (But he won't last long if he perseveres in attacking the peaks in full voice, instead of in stylish, gentle head voice.)

Francesca Zambello's production was silly—a presentation not of Rossini's opera but of a filming thereof (Alidoro doubling as director). Yet beneath the irrelevant fuss Rossini's opera could be perceived *and enjoyed*; the movements of the characters' hearts had been accurately observed, and the musical values were not distorted. Joseph Rescigno was a polished, merry conductor.

Modified rapture, then, but many episodes of rapture unqualified, and nothing careless, unconsidered, or slovenly. The St Louis company takes opera seriously, treats it as a living and important art, but also as a civilised pleasure, in a theatre set amid lawns and trees and provided—as few American theatres are—with refreshment for body as well as soul. And St Louis itself seems to me the handsomest, most agreeable and civilised of all American cities. The operas are scheduled so that four can be seen on a three-day visit; but one can spend weeks in St Louis without exhausting the buildings, palaces, villas, churches, parks, pictures, noble trees, excursions that it offers.

Andrew Porter

Alice Baker (Ruggiero) and Juliana Gondek (Alcina) in Handel's Alcina

Records

Colourful Pictures

Mussorgsky/Ravel: Pictures at an Exhibition. **Ravel:** Bolero; Rhapsodie espagnole. Berlin PO/Karajan. DG 413 588.

Mussorgsky/Ravel: Pictures at an Exhibition. **Ravel:** Bolero. **Debussy/Ravel:** Sarabande; Danse. Concertgebouw Orchestra/Riccardo Chailly. Decca 417 611.

Mendelssohn: A Midsummer Night's Dream. Vienna Philharmonic / Previn. Philips 420 161

Mendelssohn: A Midsummer Night's Dream. Three Overtures. Montreal SO/Dutoit. Decca 417 541.

Franck: Symphony in D minor; Symphonic variations. Jorge Bolet, Concertgebouw Orchestra/Chailly. Decca 417 487.

Poulenc: Piano works. Pascal Roge. Decca 417 438.

A COINCIDENCE that Arthur Koestler himself would have relished: two major orchestras under two different conductors not only issue new recordings on two different record labels in the same month of Mussorgsky's *Pictures*, coupled with Ravel's *Bolero*; but the two performances of *Pictures* are the same length to the very second — both Karajan's and Chailly's performances last exactly 33 minutes and two seconds each.

Predictably enough, that is where the similarities end. *Pictures* shows off the Berliners' famous huge and brightly-coloured sonority to perfection. Every instrumental detail is perfectly characterised, perfectly placed: it is, in its fashion a wonderful performance, grandly conceived and grandly predictable. The sound of the Concertgebouw under Riccardo Chailly — who takes up his post as their new principal conductor next year — is less grand, more delicate and effervescent. The differences in approach are underlined straight away by the opening *Promenade*, which under Chailly has an easy, lilting swing to its tread that's entirely absent in Karajan's reading. And the following *Gnomus* too, which Karajan treats like a dark, majestic vision, and Chailly with much more authentic, *Scarbo-like* subterranean sparkle and fantasy.

There is no question that, musically speaking, I find Chailly's version more interesting: where Karajan consciously creates a "showpiece" for his band, almost irrespective of the score or the nature of the work, there is a strong sense of Chailly re-creating, responding closely to the music itself. But the Berliners' command of orchestral texture is all the same powerfully seductive: there are marvels of instrumental virtuosity pure and simple on every page. If this were a Radio 3 comparative record review, I should not in all conscience be able to choose a Best Buy, but *recommend both for their very* different and arresting qualities.

To fill out his programme, Chailly also includes Ravel's beautiful (and very respectful) orchestrations of Debussy's early *Sarabande* (from *Pour le piano*), and the still earlier *Danse* (originally published as a *Tarantelle styrienne* in 1891); and Karajan offers an entirely characteristic showpiece performance of the *Rhapsodie espagnole*, a cascade of *echt*-Berliner fireworks. The *Bolero*—Ravel's triumphant demonstration of pure technique, which he himself called "17 minutes of orchestration without music"—is pure Berliner material in any case: but both orchestras give it with impeccable energy and style. What perhaps most audiences don't know, or don't care, is that *Bolero* doesn't need a conductor, or for that matter even a virtuoso orchestra: as long as there are enough musicians on stage, it plays itself.

> 'If this were a Radio 3 comparative record review, I should not in all conscience be able to choose a Best Buy, but recommend both Chailly and Karajan for their very different and arresting qualities'

The two selections from Mendelssohn's incidental music to *A Midsummer Night's Dream* are not identical, either in their timing or their composition. They both include the five main orchestral numbers: the marvellous Overture, first great flowering of Mendelssohn's youthful genius, written when he was only 17; and the Scherzo, Intermezzo, Nocturne and Wedding March, added 17 years later when Mendelssohn was commissioned to provide a full score of incidental music for a production of the play in Potsdam by Ludwig Tieck.

Previn and the Vienna Philharmonic offer the more comprehensive selection, including the splendid song with chorus from Act II, "You spotted snakes"; the little tragi-comic funeral march for Pyramus; the Dance of the Clowns, as well as the lovely music between scenes 1 and 2, from Act V; and the proper finale, "Through This House" — the delicate stuff of Mendelssohnian fantasy that dreams are made on, far apter for a finale than the Wedding March. A Best Buy is discernible here with less difficulty. Comprehensiveness apart, Previn's direction is much the warmer and more intimate, quick and subtle, flexible in its phrasing at every point where Dutoit's seems a shade literal-minded and stiff.

The other record made by the Concertgebouw to mark Chailly's appointment couples César Franck's symphony with a brilliant, sensuously dappled account of *Symphonic variations* with Jorge Bolet as soloist. Franck's only symphony is neglected both by the concert platform and the record catalogue: *it's good to find a new* recorded version of such warmth, breadth and enthusiastic commitment. In some hands I have heard the symphony sound heavier: but Chailly's relaxed combination of flexible tempos with a powerful *forward momentum* carries the music effectively over most of the potential longueurs. The manner is perfectly complemented in the *Symphonic variations* by Jorge Bolet—whose reading, is a model of clarity, directness, and in the final section of sheer ebullient physical excitement.

Pascal Rogé's recital offers a broad overview of Poulenc's much under-recorded piano oeuvre—from the early Satie-influenced *Three Pieces* of 1920-1928 (Poulenc's sets have a habit of taking shape over a number of years) and the *Three Novelettes* of 1927, 1928 and 1959, to the major set of the 1930s when the bulk of Poulenc's piano music was composed—*Les Soirées de Nazelles*—and a selection of the *Improvisations* composed over a span of 27 years from 1932-1959.

Poulenc himself for some strange reason disliked *Les Soirees*, later finding them "capricious" and "dull", although they are actually one of his most delightful and characteristic collections, improvised at a country house in Nazelles during the early 1930s and afterwards set down as a tribute to those pleasant evenings in the country "among friends grouped around the piano" — a delicate, witty homage to the friends, and the social milieu, he thrived on and from which he drew so much of his inspiration.

Rogé gives clean, sympathetic performances, never clouded by overpedalling, and underpinned by a lively rythmic sense. He clearly believes in Poulenc, and that conviction and sympathy are alive on every page. Poulenc is a composer who does not figure in Jorge Bolet's universe: but one can't help reflecting with a certain wistfulness what magic he might work on such innocent (*but only deceptively naif*) trifles as the little *Mouvements perpetuels* or indeed the homages *à Schubert* and *à Edith Piaf* from the *Improvisations* — which Rogé gives with infectiously youthful charm.

Dominic Gill

Chess No. 681

1 B-N4 (threat 2 P-N4 ch, K-R5; 3 B-K1 mate), RxB; 2 R-Q7 (threat 3 R-R7 mate), R-N2; 3 R-Q5 mate.

Radio

Plenty of Rich jazz

ABOUT jazz lives: you can hardly flick on a switch at present without hearing something about George Gershwin on radio or television; Channel 4 offers the Benny Goodman story; and now here is Radio 3 with a four-part life of the drummer Buddy Rich. To these you might add Radio 1's series about Eric Clapton, since Clapton's generation believes that what he plays is blues. It is not blues but something quite different, and I do not mean this unkindly; if Eric Clapton had been born 30 years earlier he would have been the equal of Eddie Lang or Dick McDonough, I'm sure.

Buddy Rich began as a child tap-dancer, and graduated to music by way of the pit-bands that played with his parents, the double act Wilson and Rich. This is the interesting part of his life, to my mind. Having become a drummer of formidable technique (but, said Artie Shaw, totally undisciplined) his interest is switched to his records. The lives of musicians move from one contract to another, *except in such cases as* the Abbé Liszt. Luckily, programmes like John Fordham's *Superdrummer* maintain our interest less through the biography than the records, and the first of the four gave us some splendid stuff from Bunny Berigan, Artie Shaw, Tommy Dorsey and Lester Young.

Next year, no doubt, it will be the turn of Irving Berlin, who will celebrate his 100th birthday on May 11.

I have now heard two instalments of Radio 4's Sunday afternoon's serial, Allan Prior's *Never Been Kissed in the Same Place Twice*. Harry Viner, a Jewish stand-up comic, is touring the halls in company with Clara, the daughter of a northern theatre owner. She is pregnant, her father is furious. Lines and situations are deeply familiar, what I would call clichés if I were ill-disposed, which I am not. Sentimental backstage romance is the Brecht of the lower brows, and they are well served with David Suchet and Karin Archer as Harry and Clara. The director is Martin Jenkins.

Last week I wrote with implied approval of the technical complexity of Ronald Hayman's play *The Last Tea Dance*. I am not sure that such a technique is always apt. Lesley Bruce's *Porch Songs* (Radio 3, Tuesday) was an interesting play with a simple basis: lately-widowed Mrs Ferris returns from an overseas visit to the house she has sub-let, to find that the lessees are still in occupation, and decline to go until "the Housing" finds them somewhere else.

Police, lawyers, reporters line the route to the simple solution. Mrs Ferris's neighbour, anxious to move in and replace her husband, is an ornament if not actually an adjunct to the plot. Mrs Foley, an elderly neighbour who chats with her parrot, is an ornament pure and simple, and so is the window-cleaner who contributes pseudo-literary commentary. Harvey and the Wallbangers, who accompany the last resolutions of the dialogue before signing off with "The Sunny Side of the Street," are just an extravagance. It was all charmingly done under Marilyn Imrie's direction, with Pauline Letts as Mrs Ferris, Michael Bray and Tilly Vosburgh as her lodgers, Nigel Anthony as the window-cleaner; but really it was just a script-writer's or a director's show-off a plain cake too elaborately iced.

Plays should not have misleading titles. Last week *Death of a British Tommy* was not about the First World War but about a cyclist in the Tour de France. Last Tuesday, Lee Gallagher's *Suddenly Unlike Bach* was nothing to do with this week's composer on the neighbouring channel. It was a reminiscent study of the friendship of three young people in Dublin, one of whom (nicknamed "Bach," for no good reason) had killed himself (also for no good reason). I did not find myself involved.

B. A. Young

Theatre

One lost fling

MY dictionary describes fling, the noun, as a brief bout of pleasure. Just who derives any pleasure from *The Fling* at the King's Head in Islington it is hard to tell. Brief, alas, it is not. Two rather uninteresting midde-aged people, obliged to share a room in an Italian seaside hotel because of an administrative mix-up, end up (I think it takes about 10 minutes) falling in love.

Love, we know, is blind. But here it appears to be deaf as well. The dialogue, as befits the plot, is of unspeakable benality. Sarah, played with an appropriate edge of desperation and much facial mobility by Jennifer Wilson, is obliged to make innumerable coy references to the sex war which contain neither wit, insight nor originality.

Written by the Italian playwright, Asher, his flimsy farrago was translated by Lucienne Hill. Perhaps it has lost something in translation. The pity is that it wasn't lost altogether. On being told at the interval that the play had been adapted by Mike Stott, one eminent critic was moved to ask "Why?"

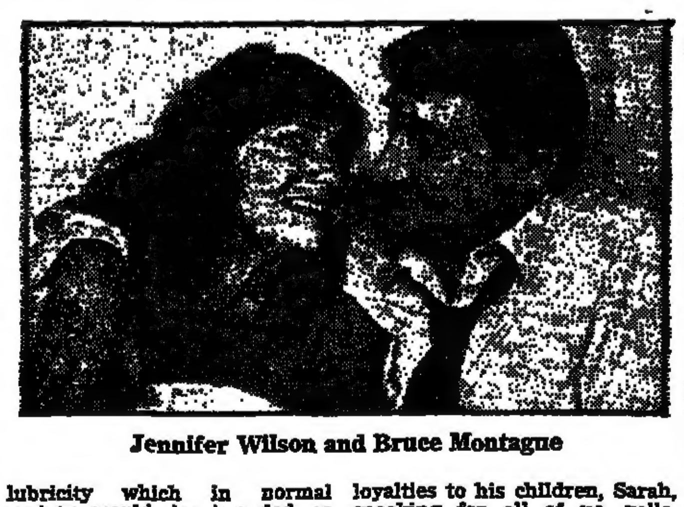
As cost accountant, Harry, mixing business with pleasure. Bruce Montague conveys a smug lubricity which in normal society would be branded as obnoxiousness. "Would you like me to show you the Great Bear?" he wheedles in a late-night clinch under the stars. But it seems to send Sarah, contemplating grey hairs and lonely old age, into eyelid-batting frenzy. Moments after the first kiss, a fortnight elapses. We know because we are told, "ooh, you've said that every morning for the past two weeks,"—twice. Comedy is meant to be provided by an Italian maid who complains loudly, in a funny accent, of her varicose veins. The director, Brian Peck, encourages these excesses

Clearly the adulterous couple deserve each other, but should the rest of us be asked to sit through their private, inexplicable passion? When heavy-hearted Harry explains his loyalties to his children, Sarah, speaking for all of us, yells, "Shut up. Shut up. Shut up!"

Juliet Shillingford's set all marbled walls and arches like a fly-by-night Covent Garden restaurant, is inoffensive enough, as is Vivian Ellis's song "Somebody's Started to Love Me." The lyrics, however, don't quite withstand the second airing they receive, towards the end of the evening. "My first love was a teddy bear, and after that a doll with flaxen hair." For Sarah and Harry, this has become "our song" and it consequently suffers by association.

My dictionary describes fling, the verb, as to toss. This is exactly what everyone involved should have done with this script. Into the nearest wastepaper bin.

Annalena McAfee



Jennifer Wilson and Bruce Montague

WEEKEND FT

• SPORT •

Racing at Ascot/Michael Thompson-Noel

It is Diamond Day at Ascot and crunch time for a small but hugely select line-up in the big race. The time has come to bet like men

Carats are for ever

THERE IS some good news, and some news you may not wish to hear.

The good news is that the field for today's De Beers-sponsored King George VI and Queen Elizabeth Diamond Stakes at Ascot is small but perfectly formed—a fitting line-up, as per usual, for one of world racing's top half dozen spectacles.

The news you may not wish to hear is that at Ascot this afternoon my own money — already neatly stacked in bundles of fives — will be wagered on Reference Point: a burden that any Epsom Derby winner worthy of the name should be capable of shouldering lightly.

First the good news. Apart from Louis Freedman's Reference Point, to-day's expected line-up includes dual Oaks winner Unite, Irish Derby victor Sir Harry Lewis, the imperious French mare Triptych, who jets in this morning (she never hangs around), St Leger winner Moon Madness, and the German ace, Acatenango.

These six have won £2,054,649 in first-place prizemoney. Their combined value cannot be far short of £18m—more than half of which is accounted for by Reference Point.

For owners and trainers, the King George is one of Europe's glittering prizes. It has an aura and pedigree uniquely its own. Moreover, it is staged by the world's finest racecourse.

The King George dates from 1946 when it was run over two miles and restricted to three-year-olds. In 1951 the distance was cut to a mile-and-a-half, older horses were allowed in, and it was renamed.

It has been won by some marvellous thoroughbreds: Pinza, Ribot, Ballymoss and Alcide in the 1950s; Right Royal V, Match III, Ragusa and Busted in the '60s; Nijinsky, Mill Reef, Brigadier Gerard and Grundy in the '70s, and Shergar and Dancing Brave so far in the '80s. To date, winners of the great race have themselves sired the winners of 25 British classics.

In 1970 I was standing by the parade ring, waiting for Nijinsky to appear, when the Queen Mother walked in. "My God," drawled a moneyed voice behind me. "What is she wearing now? That colour's never suited her." I cast him a crippling look. A moment later Blakeney, the previous year's Epsom Derby hero, was led into the ring. "I've always said," said Money, "that Blakeney is thoroughly common. Just look at that vulgar head." I happened to be fond of Blakeney. So I stood hard on Money's toes.

Nijinsky pulverised his field, of course. Some years later, in the company of his trainer, Vincent O'Brien, I viewed Nijinsky in Kentucky, where he was lording it at stud. "Hello, old fellow," purred Vincent, as the champion was led from his box. Nijinsky snorted with pleasure.

De Beers, the diamond firm, first sponsored the King George in 1972 and has enjoyed a marvellous run for its money. The total value of this afternoon's King George is £320,000, of which De Beers has given £107,000, including an £8,000 trophy for the winning owner in the form of a silver plate set with 85 diamonds weighing 11.14 carats.

The winning jockey will be given a spectacular silver and enamel hip flask topped by a diamond stopper, while the winning trainer will receive a pair of ebony horse head earrings with diamonds set in white gold. I know several jockeys who wear earrings, but this could be a first for a trainer.

Sponsoring the King George was the idea of De Beers' Sir Philip Oppenheimer. Recently I asked Sir Philip's son, Anthony, whether the firm's sponsorship—one of the most successful of its kind—was supposed to be hard-edged. "No," he said, "it is not hard-nosed. We are not selling a product, but are selling the image and glamour of diamonds. We struck gold straight away. We get wonderful value for money." They invite all of their staff to Ascot, plus plenty of trade and meejah.

The news you may not wish to hear concerns my conviction that Reference Point, a son of the great Mill Reef, will win in style this afternoon, notwithstanding his narrow defeat by Mtoto in the Coral Eclipse Stakes (over 1¼ miles) at Sandown on July 4. At Ascot today I plan to breeze into the ring and smite the first bookies that catch my eye.

I am not, of course, a tipster. Never have been; never could be. But occasionally I share my thought processes with a hand-picked audience.

Such generosity frequently rebounds. In the spring I let slip the information that I had backed Bright Dream to win the Grand National. He finished well down the field, which provoked insults and rudery from which we are only now recovering.

I believe that Reference Point will streak home today because of what jockey Steve Cauthen said when he and Reference Point had just won the Epsom Derby.

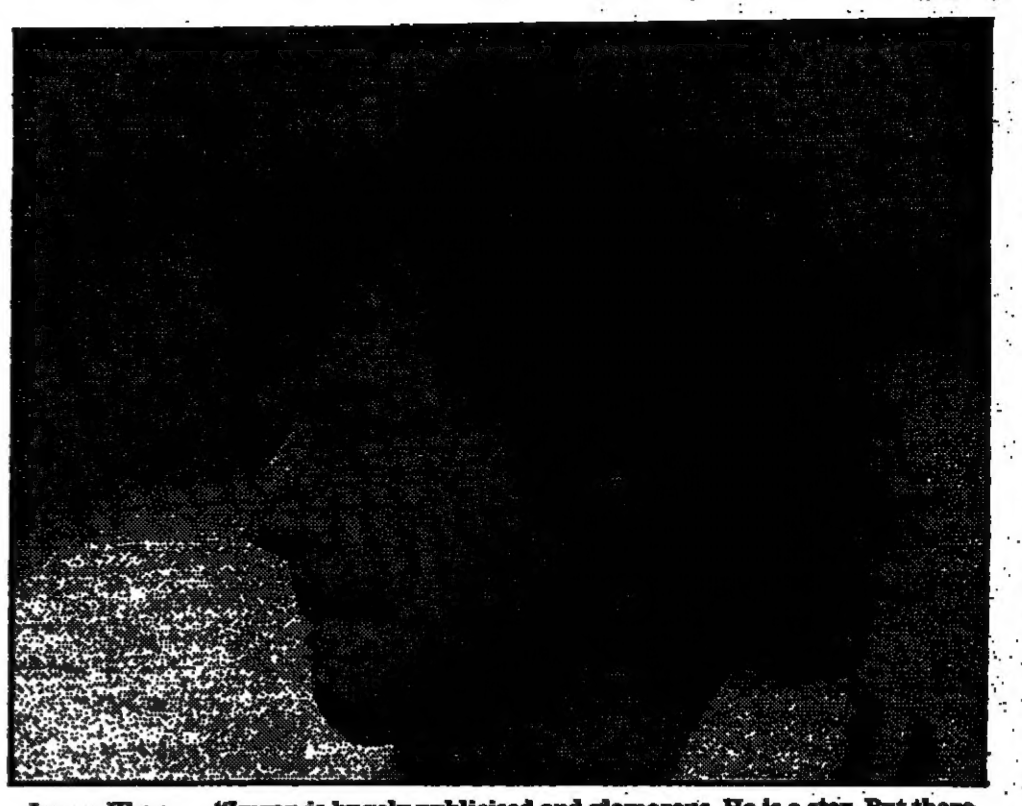
"He didn't really act on the track," said Steve. "He kept changing his legs and looking at the crowd and it wasn't until Most Welcome came up to him that he really buckled down to it. I had to keep at him. He's no Slip Anchor, who whizzed round this track, but on a more galloping course I know you'll see a much better horse."

Today's odds will be sickeningly cramped. We must leave the earrings at home and bet like men.

Test Cricket/Teresa McLean

The bear market in heroes

We are short of glory. What the selectors must do is develop a nose for genius and for knowing when to rest players who are about to burn out



Imran Khan . . . "Imran is hugely publicised and glamorous. He is a star. But there is none of the excitement of the unknown about him"

WHEN I was small, I remember hearing a friend of my father say that he was going to see the Aussies arrive. It was such an exciting event that he was taking a day off work, just to set eyes on the Test team unloading themselves at the airport.

It's one of those random childhood memories that is impossible to date precisely, but I think it must have been the 1961 team, captained by Benaud. They were here to defend the Ashes against Trueman, Statham, Dexter and the battle ranks of English Test cricket who stood in heroic poses in children's sports books, looking out from under their caps.

It's all rather touching, looking back on it now. I bet no English cricket fans went to the airport this year to watch the Pakistanis arrive. The only one who has enough charisma to attract spectators merely by his presence is Imran Khan, who looks out at his young public from so many books, magazines, newspapers, posters, T-shirts and carrier bags that it is scarcely worth the effort to go and see him in the flesh. Except, of course, that flesh is of the essence of Imran's popularity. Women love him.

Imran is hugely publicised, glamorous, an idol to his young Pakistani and young female fans. He is a star. But he is not exotic. There is none of the excitement of the unknown about him that induced my father's friend to take a day off work in the hope of catching a glimpse of Benaud, Simpson and the other golden names in the 1961 Australian team.

The trouble with modern Test stars is that you couldn't find anything unknown about them if you tried. You are told everything, whether you want to know it or not. Imran can't pick his nose in a Test match without everyone knowing about it. But at least radio and television coverage of Test matches does leave the players alone once they are off the field, and there is a limit to what you can learn about a player's sex life from watching him pick his nose in an unguarded moment at short leg.

Some bright spark in the BBC sports department in the 1950s thought up the slogan, "Don't miss a ball, we broadcast them all." Today that tradition, mercifully free of its slogan, is still upheld but it has quickly come to look like a model of old-fashioned reticence, not modern saturation coverage.

It has none of the predatory appetite of publicity agents, newspaper and magazine reporters, who thrive on delivering lurid descriptions of Test players' off-the-field activities. That, they assure us, is what is wanted by the general public, not by the small cricketing public, which is happy with batting and bowling statistics.

A good splash of playboy and troublemaking statistics makes the private life of big time players public property, and in so doing tarnishes the aura of divinity that used to surround cricket heroes.

Today's unmarried and good looking Test players, such as Imran, have to sacrifice divinity to get the kind of personal adulation that, according to one television operator, raises viewing figures by 30 per cent when he is playing. The housewife factor, they call it.

I'm not entirely convinced by the picture Imran paints of himself in his autobiography as a shy, clean-living chap who has always thought he was ugly, but I am sure he is right that it is only the English and Australian public who lap up stories about Imran the night club smoothie and seduction expert.

For the English, of course, part of his attraction is the simple fact that he is foreign. Not as foreign as visiting tourists in the 60s, before they were allowed to play for English counties, but dark and Moslim nonetheless. The mystique may have faded because he can be admired playing for Sussex, weather permitting, at any time during the season by anyone who feels like it, but the fact remains that he speaks Urdu, prays to Allah every day and is going back to Pakistan when he retires, probably at the end of this season, and will have an arranged marriage.

None of the English Test team can compete with that. Take Gatting, for instance, Imran's opposite number as captain. He led England on their fairy-tale tour of Australia last winter and he always comes across as a likeable and good-humoured man.

But he is not glamorous. With a figure like his it would take more than a different nationality to generate the kind of Don Juan stories that pursue Imran. Gatting has an air of rotund amiability that could, in time, inspire a good back-up of public affection, but he could never attain the rank of national hero, not with a bottom like that.

Botham seems to have managed it, despite his beer belly and plain face. He is not sweet and chubby like Gatting, nor big and handsome like Imran, and his play has been faltering for the past couple of years, but he is still capable of producing a magnificent innings out of the blue.

I met an exceedingly old man recently who said he had been watching cricket for 90 years and until a few years ago had thought Jessop's extraordinary ability to generate excitement and crackle in the crowd would never be matched. But the first time he saw Botham play he knew he was wrong and that the old magic was back in the game. He didn't know exactly what it was but he knew that in his lifetime only Jessop and Botham possessed it.

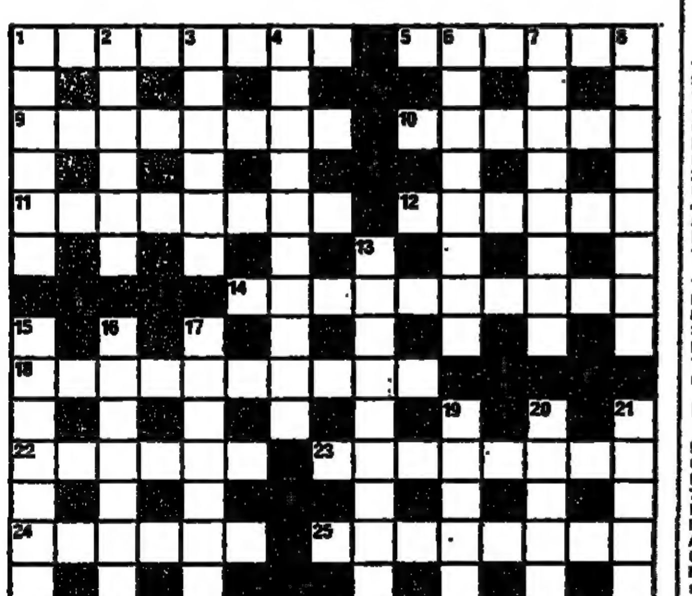
Please God that Botham's panache will return, as it did at Somerset recently, and that the over-played, over-tired folk hero of cricket will give us a few more moments of glory before he retires.

We are short of glory. We see too much cricket from too many cricketers from too many countries. Now that it is pretty well impossible for them to be exotic or mysterious, that leaves genius as the only modern passport to cricketing immortality, without which the game will go on relentlessly, like a train through a slum.

If the selectors can develop a nose for genius and for knowing when to rest players who are about to burn out, the game will emerge from the slum and come to life, bathing Gatting's abundant figure and the honest, uninspired Atheys and Mudassars of this world in reflected glory.

FT CROSSWORD PUZZLE No. 6,387

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

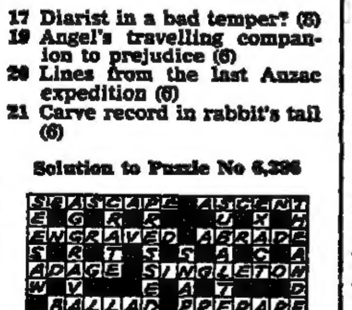
ACROSS

1 Unoriginal maxims that may be cutting (8)
5 "Who goes there?" includes girl (6)
9 Lawyers, apart from first century, are rude (8)
10 Home team doing bird? (6)
11 Explorer named Sun, perhaps (8)
12 Rodent swallows ruminant, returning to mobile family? (3-3)
14 Anagram act requiring John's signature? (5,5)
18 Vote for whistle-blower, and when, between hesitations (10)
22 Interfere with doctor in case (6)
23 Silver needs no rough treatment, nearly? "Don't know" (8)
24 The student with a degree is a girl (6)
25 Queen without love, sovereign of a district? (8)
26,27 Hunter and hunted perform against suffragettes (3,3,5,3)

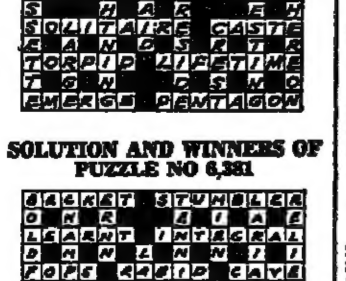
DOWN

1,2 Right to provide rosebush with a cap (6,6)
3 Drink and throw outside (6)
4 It may be brilliant when I tap it out (5,5)
6 Port with food? (8)
7 Musical notes we hear for a carpet (8)
8 Whiskey with food? (3,5)
13 He gets no thanks for making enough runs (6,4)
15 Drink high up in the house, say, is exciting (8)
16 Complaint in a marsh with model that's rich (8)
17 Diarist in a bad temper? (8)
19 Angel's travelling companion to prejudice (6)
20 Lines from the last Anzac expedition (6)
21 Carve record in rabbit's tail (6)

Solution to Puzzle No 6,386



SOLUTION AND WINNERS OF PUZZLE NO 6,381



Mrs R. Harvey, Elie, Leven, Fife; Mr P. Drinkwater, Harpole, Northampton; Mr H. R. Jarvis, Spalding, Lincs; Mr I. D. Thomson, Clitheroe, Lancashire; Mr R. J. Hewitson, St Albans, Herts.

TELEVISION AND RADIO

SATURDAY

BBC1

† Indicates programme in black and white

8.30 am The Family Ness. 8.35 Dogtanian and the Three Muskehounds. 9.00 It's Wicked! 10.52 Weather. [illegible]

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Get Fresh. 11.30 The Roxy. 12.00 News. 12.05 pm Wrestling. 1.00 Film: "The Capture of Grizzly Adams," starring Dan Haggerty. 3.00 Athletics [illegible]

BBC2 [illegible]

CHANNEL 4 [illegible]

S4C WALES

10.45 am Moneyspinner. 11.15 Symphony. 11.45 What The Papers Say. 12.00 Six Centuries of Verse. 12.30 pm Spacecraft. †1.00 Feature Film: Laurel and Hardy's Laughing 20s. †2.30 [illegible]

ANGLIA [illegible]

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

GRANADA

11.30 am America's Top Ten. 11.45 pm Star Movie: "Arthur," starring Dudley Moore. 1.30 pm Police Woman. 2.25 America's Top Ten.

HTV [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

YORKSHIRE [illegible]

BBC RADIO 2 [illegible] Peter Clayton. 1.00 pm Wise on the Wireless. 1.30 Sport on 2 including Golf (British Senior's Open at Turnberry). Cricket: Fourth Test. Athletics (WAAA from Birmingham). Racing (3.20 The King George VI and Queen Elizabeth Diamond Stakes). Cycling [illegible]

BBC RADIO 3 [illegible] Rhedeody, with Philip Martin). 8.25 My First Dance Steps (Aaron Copland's autobiography). 8.45 Proms 87. Part 2: Copland (Dance Symphony), Gershwin (American in Paris). 9.40 Houseman on the Federal Theatre. [illegible]

BBC RADIO 4 [illegible]

SUNDAY

BBC1

† Indicates programme in black and white

[illegible]

BBC2 [illegible]

LONDON [illegible]

CHANNEL 4 [illegible]

S4C WALES [illegible]

Omar Sharif as Prince Feodor Romodanovsky in Peter the Great, BBC1 Sunday 7.15

ANGLIA [illegible]

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

YORKSHIRE [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]

BBC RADIO 4 [illegible]